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Daily Report
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NAM Ministers Debate Status of Yugoslavia at UN

Fail To Reach Consensus

BK0110105992 Kuala Lumpur BERNAMA in English 0944 GMT 1 Oct 92

[Text] Kuala Lumpur, Oct 1 (OANA-BERNAMA)—The Nonaligned Movement [NAM] failed to reach a consensus on the status of rump Yugoslavia in the movement when a few member countries opposed the expulsion of Belgrade, Foreign Minister Abdullah Badawi said Thursday.

However, a decision was made to bar Serbia-Montenegro, which claimed to inherit the rump Yugoslavia, from any activity of NAM until a final decision on the membership was made, he told BERNAMA in a telephone interview from New York.

He said Yugoslavia's chair in NAM was left vacant pending the final decision.

"Although the decision was not what we expected, it is sufficient for the time being as it at least prevents Serbia-Montenegro from taking part in NAM activities," he said.

According to Abdullah, the issue was hotly debated by NAM foreign ministers who met in New York yesterday. They are in New York to attend the United Nations General Assembly.

The ministers were supposed to make a final decision on Yugoslavia'a membership after the matter was adjourned by the 10th NAM summit in Jakarta to await the decision of the UN General Assembly. On last Sept 23, the UN General Assembly approved a motion which led to the expulsion of Yugoslavia from the United Nations by a majority of 127 votes. Six countries opposed the motion and 26 abstained.

Malaysia had earlier asked countries that had opposed the motion—Tanzania, Zambia, Zimbabwe, Swaziland, and Kenya (which are members of NAM)—to reconsider their stance.

Abdullah, who is in New York for the UN General Assembly, said in the NAM foreign ministers meeting the majority of member countries rejected Serbia-Montenegro as the inheritor of Yugoslavia.

However, a final decision could not be made as a few countries opposed the move to expel Yugoslavia. NAM has to have a consensus to make a decision on any matter.

He said chairman of the meeting, Indonesian Foreign Minister Ali Alatas, would continue to discuss with those countries (which opposed) in an effort to reach a consensus.

Bar Yugoslavia Activities

BK0110104792 Jakarta ANTARA in English 1020 GMT 1 Oct 92

[Text] New York, Oct 1 (OANA/ANTARA)—The Nonaligned Movement (NAM) ministerial meeting at the United Nations on Wednesday did not resolve the problem of the status of Yugoslavia in NAM and agreed that the problem should be further discussed.

The meeting has concluded that Yugoslavia could not take part in NAM activities as it was used to be.

The conclusion, which was something a compromise, was reached after Indonesian Foreign Minister Ali Alatas conducted some intensive negotiations between group of countries wishing to exclude Yugoslavia from NAM and those who symphatize with Yugoslavia, said a source.

The source said that the compromise indicated that all NAM member countries want soon to implement the results of NAM summit held in Jakarta in early September.

"They do not want the Yugoslavia problem to hamper the implementation of the NAM summit results," he added.

Former Yugoslav Minister to the UN Dragomir Djukic told ANTARA that his country could "understand" the compromise.

Djukic also said that the question of Yugoslavia's status will not prevent the implementation of the NAM summit results.

"It is in Yugoslavian interests to see the NAM launches its programs smoothly," he stressed.

The foreign ministers' conference also concluded that the appointment of a country to hold to the next NAM summit required further consultations.

So far, Iran has offered to be the host of the next NAM summit.

The conference on Wednesday morning named 10 countries comprising four from Africa, three from Asia, two from North America, and one from Europe to deal with issues in Somalia.

It also established a working team to deal with restructuring of the UN. The team is comprised of 15 member countries—six from Africa, five from Asia, three from North America and the Caribbean, and one from Europe.

Japan

Emperor's Visit to China Announced for 23-28 Oct

OW0210022292 Tokyo KYODO in English 0132 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Emperor Akihito and Empress Michiko will leave on October 23 for a six-day visit to China, accompanied by an entourage led by Foreign Minister Michio Watanabe, the government announced Friday.

Emperor Akihito will be the first Japanese monarch ever to visit China in the centuries-old relationship between the two countries.

The imperial couple will fly into Beijing on October 23. After a two-night stay in Beijing, the emperor and empress will go to the ancient capital of Xian for a two-night stay and visit Shanghai on October 27. The couple will return to Tokyo on October 28.

The 20-member official entourage will include Shoichi Fujimori, grand steward of the imperial household, and Satoru Yamamoto, grand chamberlain to the emperor.

Hideo Kagami, a former ambassador to the United Nations and currently a Foreign Ministry adviser, will serve as the party's spokesman to non-Japanese journalists, officials said.

In addition to the entourage, a separate group of 14 officials will also accompany the emperor and empress to care for the couple, the officials said.

Miyazawa Welcomes Normalized Sino-ROK Ties

OW0110122692 Tokyo KYODO in English 1145 GMT 1 Oct 92

[Text] Tokyo, Oct. 1 KYODO—Prime Minister Kiichi Miyazawa lauded normalized ties between China and South Korea as "good news" for Japan and the rest of Asia, a Foreign Ministry official said Thursday.

Miyazawa made the comment to a delegation of visiting South Korean journalists one day after South Korean President No Tae-u returned home from an historic four-day visit to Beijing, a former cold war rival.

Miyazawa also told the group that Japan will continue to demand that Pyongyang demonstrate it is not seeking to acquire nuclear weapon capabilities as a condition for normalized ties, the official said.

Japan and North Korea will resume talks on establishing diplomatic ties next month in Beijing. It will be the first round of talks since North Korea agreed to allow a preliminary international inspection of its nuclear facilities earlier this spring.

Miyazawa told the 14-member delegation, headed by Yi Yong-tuk of the daily CHOSON ILBO, that he expects relations with South Korea to improve in the future as a result of increased personnel exchanges.

After assuming the prime ministership last November, Miyazawa made Seoul his first official overseas destination.

Japan's trade surplus with South Korea and widespread ill-feelings among the Korean public over Tokyo's reluctance to acknowledge historic details of its harsh 1910-45 colonial rule over the Korean peninsula continue to plague relations.

The delegation is here through October 6 to attend the 30th Japan-South Korean editorial seminar.

ROK Message Promises To Keep 'Close Contact'

OW0210111892 Tokyo KYODO in English 1044 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—South Korea President No Tae-u said Friday his country will maintain close contact with Japan as it expands its relations with Russia and China.

No made the remarks in a message to Prime Minister Kiichi Miyazawa, a Foreign Ministry official said.

"South Korea's diplomacy is based on strengthening relations with Japan and the United States. We will enhance communication as we proceed with developing relations with Russia and China," he said.

The message was delivered by Kim Chong-hwi, No's foreign and national security affairs adviser, who arrived Thursday to brief Japan on the outcome of No's visit to China earlier this week.

During that visit, China reiterated its opposition to either of the two Koreas possessing nuclear weapons, but said the international community should not pressure Pyongyang over its suspected nuclear weapons development program, Kim was quoted as saying.

Miyazawa congratulated South Korea on its "great historic achievement" in normalizing ties with Beijing, which sided with North Korea during the bitter 1950-53 Korean war, the official said.

"Based on this, I expect Japanese-South Korean relations to develop in the future," the official quoted Miyazawa as saying.

Miyazawa also told Kim that Japan's talks with North Korea on normalizing relations would not make progress unless concerns about Pyongyang's nuclear weapons capacity are laid to rest, the official said.

Japan and North Korea are to resume talks in Beijing next month.

South Korea wants to see international inspections of Pyongyang's nuclear facilities as well as mutual inspections between the two koreas, Kim was quoted as saying.

Russian President Boris Yeltsin is to visit Seoul next month. The trip was to have taken place in September at the tail end of a Japan visit, however, Yeltsin cancelled his trip to Tokyo over a stalemate on the territorial dispute, and rescheduled the Seoul portion.

Watanabe Briefed on No Tae-u's China Tour

OW0210053192 Tokyo KYODO in English 0457 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—China does not want North Korea to be "pressured" on the issue of its suspected nuclear weapons development program, a senior South Korean Government official told Foreign Minister Michio Watanabe on Friday, according to Foreign Ministry sources.

Officials said Kim Chong-hwi, chief of staff in charge of diplomacy and international security, made the remarks in a briefing to Watanabe on the results of South Korean President No Tae-wu's recent trip to China.

Kim, who arrived in Japan on Thursday for a three-day visit, was quoted as saying Chinese leaders told No that China does not want either of the two Koreas to possess nuclear weapons.

He said Chinese leaders anticipated an eventual breakthrough on the issue will be achieved through a continuation of inter-Korean talks.

Officials said Watanabe told Kim that with South Korea's normalization of relations with Russia and China, he hopes North Korea will take heed of the new political situation and respond "realistically."

He pledged to South Korea that in future talks with North Korea, Japan would continue to press for assurances Pyongyang has scrapped its suspected nuclear weapons program as a condition for normalizing bilateral ties.

Miyazawa Told ROK-Japan Ties Come First

OW0210100292 Tokyo KYODO in English 0906 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Solid ties with Japan are the foundation for Seoul's diplomatic forays with former cold war adversaries, the executive of a private South Korea-Japan friendship organization told Prime Minister Kiichi Miyazawa on Friday.

"Korea is in the process of forging new relations with China and Russia, but they are founded on South Korea-Japan ties," said Sin Hyon-hwak, honorary chairman of the (South) Korea-Japan Cooperation Council, as quoted by a Foreign Ministry official.

Miyazawa hailed Seoul for its recent diplomatic successes, and said he would like to make bilateral relations a more potent force in the world, the official said.

South Korean President No Tae-u recently completed a historic visit to China earlier this week after establishing diplomatic ties in August.

Seoul is also expecting a first-ever visit by a Russian leader in November, when Russian President Boris Yeltsin is slated to visit.

Yeltsin was to have visited Seoul this month at the tail end of a Japan visit, but he canceled his trip to Tokyo over a territorial dispute, rescheduling only the Seoul portion.

Miyazawa expressed optimism that over the next few years South Korea would overcome a trade deficit that has been nagging relations, the official said.

Sin commented that it is important for the two countries to cooperate in resolving differences of opinion in how to evaluate relations during Japan's harsh 1910-45 colonial rule over the Korean peninsula, according to the official.

Japan is expected to announce measures responding to claims by South Korean women forced to serve as prostitutes for Japanese soldiers in World War II after the December presidential election.

The (South) Korea-Japan Cooperation Council and its Japanese counterpart conduct annual seminars to promote cooperation.

Polish Foreign Minister Meets With Miyazawa

OW0210061692 Tokyo KYODO in English 0535 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Prime Minister Kiichi Miyazawa told Polish Foreign Minister Krzysztof Skubiszewski on Friday that Poland needs an accord with the International Monetary Fund (IMF) before Japan will go ahead with an 850 million dollar financial aid package pledged in 1990.

Miyazawa made the comment after Skubiszewski inquired about 500 million dollars in loans from the Export-Import Bank of Japan and 350 million dollars worth of trade insurance pledged by former Prime Minister Toshiki Kaifu when he visited Poland in January 1990, a Foreign Ministry official said.

Miyazawa said Japan agreed in February to reduce credit to Poland by 50 percent as part of a multilateral effort to offer relief to the struggling East European economy.

Japan was reluctant to go along with the plan because in principle it is opposed to debt forgiveness. Japan and other creditor countries have been wary of setting a precedent by making new loans after canceling old ones.

Miyazawa told Skubiszewski that meeting IMF demands to cut the budget deficit and reduce inflation will be an important factor in determining whether Japan will make available fresh finances, the official said.

Skubiszewski said his government is heading toward an agreement, according to the official.

The Polish foreign minister, who arrived Thursday on a four-day visit, said he is seeking to expand ties in other regions besides Europe, and that Japan is the top priority.

"Bilateral relations are going smoothly, but economic dynamism is lacking," he was quoted as saying.

Meets Watanabe; Talks 'Hit Turbulence'

OW0210122192 Tokyo KYODO in English 1157 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Polish Foreign Minister Krzysztof Skubiszewski stirred the ire of his Japanese hosts Friday by suggesting Japan should not press Russia into a corner on their territorial dispute.

A Foreign Ministry official said that in some 90 minutes of talks with Foreign Minister Michio Watanabe, Skubiszweski said Japan and Russia should resolve their territorial dispute in a manner consistent with international law, while Japan "must make efforts not to harden the position of Russia."

The official said Watanabe was "rubbed the wrong way by the remark," which led him to question Skubiszweski's understanding of the issue and launch into a lengthy rebuttal.

Watanabe was quoted as asserting that Japan never renounced sovereignty over the group of northern islands now disputed with Russia when it signed the 1951 San Francisco peace treaty with the victorious nations of World War II.

He noted that the Soviet Union in 1960 revoked an earlier pledge to hand over two of the four disputed islands that it seized from Japan at the end of the war.

Watanabe said Russian President Boris Yeltsin is wrong when he says that Japan, unlike Germany and other countries, is not extending sufficient assistance to Russia.

He noted that while Germany "invaded Russia and massacred millions of its people," it was nevertheless allowed to reunite with lands that had been usurped into the Soviet bloc.

Japan, despite having been invaded by the Soviet Union in violation of a bilateral neutrality pact and having had 600,000 of its soldiers taken prisoner, has not received similar treatment, he said.

Skubiszewski arrived Thursday for a four-day visit as the first Polish foreign minister to visit Japan since 1986.

The meeting with Watanabe, which followed talks earlier in the day with Prime Minister Miyazawa, also hit turbulence when Skubiszewski said that economic ties between Poland and Japan cannot be described as moving in a positive direction.

He said Japanese investment in Poland is insufficient and noted that the volume of bilateral trade has dropped 40 percent over past year, with Poland's exports to Japan only about half the value of its imports from Japan.

Skubiszewski was quoted as expressing "great disappointment" that economic assistance pledged to Poland in January 1990 by then Prime Minister Toshiki Kaifu has yet to be implemented.

Watanabe explained Japan's hesitancy to provide new funds to Poland since Tokyo reluctantly agreed with other creditor countries last February to slash the Polish official debt by 50 percent.

But he said that despite Japan's opposition to the concept of debt forgiveness, he would like to help to get the aid approved because it was pledged at the top level.

The official said the pledged money, which includes 500 million dollars in credits from the Export-Import Bank of Japan and a 300 million dollar ceiling for export insurance from the Ministry of International Trade and industry, could be released after Poland concludes a deal with the International Monetary Fund (IMF) to restore its credit-worthiness, which is expected to happen within the year.

Skubiszewski called for conclusion of a bilateral investment protection pact to encourage Japanese investment in Poland.

Watanabe remarked that while such a pact may be considered, "there are no Japanese who would want to invest in Poland" if they receive treatment inferior to that given to the European Community (EC), with which Poland has signed an association agreement.

He was quoted as calling for most-favored-nation (MFN) trade status to be extended "without exceptions."

A Polish official accompanying Skubiszewski to Japan said Skubiszewski told Watanabe that Poland does not intend for its accord with the EC to harm Japanese business.

The official said the two ministers agreed to further negotiations on an accord that would be "suitable to both sides."

Japanese officials said Skubiszewski told Watanabe that Poland understands Japan's desire to address the issue of two clauses in the United Nations Charter that brand the vanquished nations of World War II as "enemy states."

But he did not call specifically for a revision of the charter, having said last month at the start of the 47th U.N. General Assembly that he sees no need to amend the document.

At the start of their talks, the two ministers exchanged diplomatic notes on the first dispatch of Japan Overseas

Cooperation Volunteers to Poland and on a cultural grant for Warsaw University.

Peace Corps Members To Go to Poland

OW0210104092 Tokyo KYODO in English 0911 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Japan will dispatch members of its peace corps to Poland for the first time ever, according to an agreement concluded Friday between their two governments.

Foreign Ministry officials said Foreign Minister Michio Watanabe and visiting Polish Foreign Minister Krzysztof Skubiszewski exchanged diplomatic notes relating to the dispatch of Japan Overseas Cooperation Volunteers (JOCV) at the start of their talks in Tokyo.

Officials said Watanabe and Krzysztof [as received] also exchanged notes relating to a Japanese grant of 44 million yen for materials to facilitate instruction of the Japanese language at Warsaw University.

A Japanese firm, Kyoei Steel Ltd., reportedly donated 1 million dollars to the university in August for the development of its Japanese department.

The officials said a survey team would probably be sent to Poland within the year to assess its needs and to prepare for the dispatch of JOCV personnel.

They said that Japan would most likely dispatch Japanese language teachers and judo instructors to Poland as early as next July.

Hungary is the only other East European country to which Japan has dispatched JOCV personnel, who have been there since August teaching the Japanese language and the martial arts of judo and kendo.

Miyazawa, Advisers on Asia View Regional Trends

OW3009144592 Tokyo KYODO in English 1420 GMT 30 Sep 92

[Text] Tokyo, Sept. 30 KYODO—Prime Minister Kiichi Miyazawa and Japanese experts on Asian affairs Wednesday discussed whether Russia should be considered part of the Asia-Pacific region, according to a spokesman for the prime minister's private panel on the Asia-Pacific region in the 21st century.

The group, convening for the third time, discussed whether Russia, and countries in Latin America and South Asia which are not members of the three-year-old Asia-Pacific Economic Cooperation (APEC) organization, should be defined as part of the Asia-Pacific region.

China was highlighted at the meeting as playing an important economic role in the region, the spokesman said.

The meeting also held discussions on wide-ranging issues on future economic trends. Members agreed that Japan should open its market to neighboring countries to promote regional economic development, and should assist China and other socialist countries in their pursuit of open economies, the spokesman said.

The group considered the benefits of strengthening the APEC organization, which groups 15 nations from both sides of the Pacific.

In response to a query by Miyazawa, the group also discussed the growing importance of the yen as a currency in the region, the spokesman said.

Among the topics discussed were promotion of the benefits of "East Asian-style" capitalism, which emphasizes cooperation between labor and management, government, and the private sector.

Some in attendance said it is necessary for Japan to address environmental issues in dispensing official development assistance, the spokesman said.

The panel, headed by Keio University president Tadao Ishikawa, will convene in October to discuss the political outlook for the region, and again in November to discuss Japan's approach to World War II history.

Overseas Aid Fund Grants Record High Assistance

OW0110115892 Tokyo KYODO in English 0807 GMT 1 Oct 92

[Text] Tokyo, Oct. 1 KYODO—Japan's Overseas Economic Cooperation Fund (OECF) said Thursday its investments in and loans to developing nations in fiscal 1991 reached record highs on both authorization and disbursement bases.

On an authorization basis, the governmental aid agency extended a record 1.17 trillion yen in investment and loans to developing countries in the year ended last March. The previous high was 1.10 trillion yen recorded in fiscal 1988.

The fiscal 1991 figure represented a 15.6 percent gain from fiscal 1990, the OECF said in an annual report for 1992.

Of the total, 1.16 trillion yen went in direct loans to foreign governments and organizations, and 11 billion yen was provided to Japanese and foreign corporations involved in development projects in recipient countries.

On a disbursement basis, the OECF investments and loans totaled a record 926.9 billion yen, up 14.0 percent from the previous year, eclipsing the previous peak of 812.8 billion yen attained in fiscal 1990.

Of the total, 918.3 billion yen were direct loans and 8.6 billion yen went to Japanese companies undertaking development projects.

The outstanding balance of OECF investments and loans at the end of the 1991 fiscal year jumped 12.6 percent from a year earlier to 6.89 trillion yen. The organization said last week that the balance grew further and exceeded 7 trillion yen in mid-September.

The average interest rate on its yen loans was 2.58 percent per annum in fiscal 1991.

In calendar 1991, official development assistance (ODA) provided through the OECF totaled 5.76 billion dollars, accounting for 52 percent of the total amount of oda extended by Japan.

All OECF credits were untied loans, meaning the foreign borrowers were not bound to make procurements from Japan.

Of the recipient countries of direct loans on an authorization basis, Asian countries took 64.4 percent of the total, or 748.7 billion yen. Middle Eastern countries followed with 17.0 percent (198.0 billion yen), Latin America was third with 14.6 percent (169.3 billion yen), Africa 3.4 percent (39.3 billion yen), and Oceania 0.6 percent (6.6 billion yen).

Rockets Fired at Defense Agency Director's Home

OW0110232692 Tokyo KYODO in English 2306 GMT 1 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Several homemade projectiles were fired into the Tokyo home of Defense Agency Director General Sohei Miyashita shortly after Thursday midnight but no casualties were reported, police said Friday.

The attack may have links with extremists opposed to the dispatch of Self-Defense Forces (SDF) troops to join United Nations peacekeeping activities in Cambodia, police said.

At least two missiles were fired toward Miyashita's home in a residential district of Tokyo's Setagaya ward at 0:39 a.m. Friday [1539 GMT 1 October].

One of the projectiles hit the wall of the Miyashita home, shattering several windowpanes, police said.

Another hit a house under construction next to Miyashita's, police said.

The Self-Defense Forces have already sent several advance teams to Cambodia in preparation for Japan's full-fledged participation later this month in U.N. peacekeeping mission in Cambodia.

Miyashita, state minister for defense, is scheduled to leave for Cambodia on October 25 to see SDF troops engaged in the peacekeeping activities.

He is scheduled to arrive in Phnom Penh on October 26 via Bangkok and stay in southern Cambodia for four days to see SDF engineering troops involved in road repair work, set to start in late October.

Miyazawa Condemns Attack

OW0210043092 Tokyo KYODO in English 0401 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—A police officer was slightly injured Friday when a homemade projectile exploded near the home of Defense Agency Director General Sohei Miyashita early Friday, police said.

Police said they believe the attack, launched shortly after midnight Thursday, was the work of extremists opposed to the dispatch of Self-Defense Forces (SDF) troops to United Nations peacekeeping activities in Cambodia.

Prime Minister Kiichi Miyazawa condemned the attack, saying that "violence is absolutely impermissible," and indicated the government has stepped up security measures following the first-ever overseas dispatch of ground troops since World War II.

At least three missiles were fired toward Miyashita's home in a residential area of Tokyo's Setagaya ward at around 12:35 a.m. Friday, police said.

One hit the street in front of Miyashita's home, shattering several windowpanes, police said.

Another hit a house under construction next door, police said.

The attack comes three weeks before Miyashita, state minister for defense, is scheduled to leave for Cambodia on October 25 for a four-day inspection tour of SDF troops engaged primarily in road and bridge construction.

Several advance teams have already left in preparation for Japan's participation, slated to get underway later this month.

Chief Cabinet Secretary Koichi Kato said the government would not allow terrorists who have different opinions from the government to intimidate authorities through the use of violence.

Speaking with reporters after a cabinet meeting Friday, Miyashita accused the radicals of trying to hamper by violence the participation of SDF personnel in the U.N. Transitional Authority in Cambodia (UNTAC).

"UNTAC is a peace-loving effort by the United Nations," he said, adding he cannot forgive them for attacking his home at night.

Police said the three rocket shells were launched from a junior high school 50-60 meters away from Miyashita's house.

The Defense Agency chief said he has not fixed a date for his visit to Cambodia. But he said, "I want to visit Cambodia to inspect the SDF troops shortly before the opening of an extraordinary Diet session (expected for October 30)."

Miyashita said the visit is his duty because the dispatch was realized under his authority.

Police said the extremists used a new type of projectile made of vinyl chloride piping instead of metal as used in previous attacks.

The missiles contained explosives packed in 15-centimeter-long vinyl pipes of five centimeters diameter, giving them more destructive power, as the vinyl fragments are scattered over a wider area than metal ones, police said.

The projectiles were launched at an angle of 50 degrees from the ground, they said.

In response to the attack, the National Police Agency on Friday ordered all police headquarters nationwide to increase their guard on prominent people, people connected with the peacekeeping operations, and relevant facilities.

Kanemaru, Takeshita Discuss Political Situation

OW0210071292 Tokyo KYODO in English 0655 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Political power broker Shin Kanemaru had a 70-minute meeting with former Prime Minister Noboru Takeshita at his office near the Diet building on Friday, a day after resuming his political activities, political sources said.

Details of the talks were not immediately known, but observers said the two apparently exchanged views on the political situation prior to an extra Diet session slated for late October, including a cabinet reshuffle.

Takeshita and Kanemaru last met on September 23. Kanemaru, who heads the ruling Liberal Democratic Party's largest faction, founded by Takeshita, resumed his political activities after 35 days spent cloistered in his Tokyo home. He paid a 200,000 yen fine Wednesday after admitting receiving 500 million yen in political funds from a scandal-tainted parcel delivery firm, Tokyo Sagawa Kyubin Co.

Prime Minister Kiichi Miyazawa has reportedly decided to put off reshuffling the cabinet and senior party posts before the extra Diet session due to instability within the Takeshita faction.

The observers said the faction is likely to support Miyazawa's decision, as it favors retaining the current "powerful" party executives in facing the extra Diet session.

Opposition parties are expected to demand in the Diet session that Kanemaru and Takeshita be summoned to answer questions in the Diet on Sagawa Kyubin money scandal, the observers said.

LDP To Study Single-Seat Constituency System

OW0110140092 Tokyo KYODO in English 1315 GMT 1 Oct 92

[Text] Tokyo, Oct. 1 KYODO—The ruling Liberal Democratic Party (LDP) will study the introduction of a single-seat constituency system for the House of Representatives as a key political reform measure, party officials said Thursday.

According to the basic policy of the LDP's Political Reform Headquarters, a committee will discuss the plan to reform the lower house by revamping the current multiseat constituency system, under which two to five seats are allotted to each voting district.

The panel said in its policy statement that various problems such as the need to collect huge amounts of political funds stem from the current electoral system.

The panel's basic policy stressed the need to reform the election system and build a new political structure to regain public trust in politics.

The panel will compile a final plan on the election system by the end of November, the officials said.

Political reform measures, including a new election system for the lower house, are expected to be the focal point of discussions at the upcoming extraordinary Diet session because of the Sagawa Kyubin money scandal, which involved LDP kingmaker Shin Kanemaru.

The LDP and the government plan to convene the extraordinary Diet session October 30.

Ministry Indicates Labor Market Still 'Acute'

OW2909093392 Tokyo KYODO in English 0845 GMT 29 Sep 92

[Text] Tokyo, Sept. 29 KYODO—Labor shortages remain acute in the construction, trucking, and ceramic industries, but eased in the steel, pulp and paper, and data-processing industries, according to a government survey released Tuesday.

The survey by the Labor Ministry, conducted with some urgency in August and September, found disparities in the labor market situation by area and industry as business conditions vary.

Among other findings, the survey showed that many industries are cautious about cutting jobs, although there are moves toward shortening plant operating hours and sending employees to other firms among auto, steel, home electronics, and securities companies.

But some pulp and paper manufacturers pointed to the possibility of laying off employees temporarily, reflecting the sluggish pulp and paper market.

The generally cautious attitude toward trimming jobs reflect fear that there could be labor shortages in the future, the survey said.

Asked about the state of business, many companies reported it as bad and predicted that the economy will not show a recovery until next spring or autumn, according to the survey.

By area, business sentiments are negative in the Tokyo, Nagoya and Osaka metropolitan areas, where auto, steel, and home electronics companies are concentrated.

These industries are hard hit by the current economic slowdown, which has weighed on domestic demand and personal consumption.

Pump-Priming Package To Boost '92,'93 GNP

OW2909122092 Tokyo KYODO in English 1159 GMT 29 Sep 92

[Text] Tokyo, Sept. 29 KYODO—A government pump-priming package unveiled in August will help boost Japan's gross national product by 0.7 percent in fiscal 1992, and 0.8 percent in fiscal 1993, a private think tank forecast Tuesday.

The Sakura Institute of Research said Japan's economic growth in the current year will fall short of the government's target of 3.5 percent, but will exceed 3.0 percent.

The government decided on a 10.7 trillion yen package, including 6.25 trillion yen earmarked for public works projects, on August 28.

The institute said that of the planned public works expenditures, about 1.25 trillion yen will be spent on acquisition of properties and the remaining 5 trillion yen will work to boost the economy.

Current Account Surplus Jumps 28.2 Percent

OW0210081892 Tokyo KYODO in English 0750 GMT 2 Oct 92

[Text] Tokyo, Oct. 2 KYODO—Japan's current account surplus grew 28.2 percent in August from a year earlier to 7,113 million dollars as sluggish imports and a stronger yen kept the trade surplus in a firm upward trend, the Ministry of Finance said Friday.

The current account figure was the largest ever recorded for August, the ministry said.

The trade surplus rose 15.2 percent to 9,528 million dollars, also a record number for August.

Exports increased 5.4 percent to 25,542 million dollars as the yen's appreciation boosted the dollar-denominated value of the exports.

Imports edged up 0.4 percent to 16,014 million dollars as weak domestic demand depressed import volume, especially that of metal and metal products, a ministry official said.

The year-on-year increase in the current account surplus was the 17th in a row.

The aggregate current account surplus so far in 1992 amounted to 73,122 million dollars, up 84.8 percent from the same period last year, and already above the 72.9 billion dollars for the entire 1991.

The comparative figure for trade surplus is 84,064 million dollars, up 37.9 percent.

Exports in August dropped 3.5 percent in terms of volume due to weaker overseas demand, but a sharp upswing of the yen jacked up the export prices, the ministry official said.

The dollar traded at an average 126.91 yen in August, down 7.9 percent from a year earlier.

"The exports are stabilizing," said the official.

Imports also fell 3.8 percent in terms of volume, with sluggish domestic business conditions dragging down the demand for materials.

But a 3.9 percent rise in import prices, those of crude oil in particular, helped imports stay on the positive side.

North Korea

Daily Condemns U.S. Nuclear Policy on Koreas

SK0110121092 Pyongyang Korean Central Broadcasting Network in Korean 0020 GMT 29 Sep 92

[NODONG SINMUN 29 September special article: "Intolerable Crime Seeking Nuclear War"]

[Text] As has already been reported, the United States and the South Korean authorities built facilities for port calls by U.S. nuclear submarines at Somo Island in Chinhae, South Korea. They have already dragged in U.S. military nuclear submarines more than 40 times. Even after the adoption and effectuation of the North-South agreement and the joint denuclearization declaration, strategic and tactical nuclear submarines of the U.S. Navy came into and departed these facilities. This was confirmed by the testimonies of relevant figures.

According to the materials, the U.S. nuclear submarines which come and leave the Chinhae base are capable of carrying 12 to 27 nuclear missiles.

All this shows that the absence of nuclear weapons declaration announced by the highest person in authority in South Korea at the end of last year and the declaration of the U.S. President on the withdrawal of nuclear weapons from South Korea are all lies and a deception.

The United States and the South Korean authorities, thus, cannot deny the fact that they continuously drag nuclear weapons into South Korea even after the adoption and effectuation of the North-South agreement and the joint denuclearization declaration.

Introduction of nuclear weapons by the United States and the South Korean authorities is a grave threat to the North-South joint denuclearization declaration and an intolerable crime of seeking a new nuclear war provocation.

It is the unanimous demand of the Korean people and the aspirations of the peaceloving people of the world to make the Korean peninsula a non-nuclear, peace zone free from nuclear weapons.

The government of our Republic put forward a number of reasonable proposals to make the Korean peninsula a non-nuclear, peace zone. In particular, after the joint denuclearization declaration was adopted and effectuated, we are making every sincere effort to implement them at an early date.

The United States and the South Korean authorities, however, have not shown any zeal [yolui] for denuclearizing the Korean peninsula. While raving about the so-called nuclear development, they provoked us and openly claimed that they cannot implement the agreement under the pretext of nuclear development. They even talked about sanctions against us.

Furthermore, while talking about pilot inspection, inspection of equal numbers of sites, and so forth, they frantically opposed the overall inspection of U.S. nuclear weapons and nuclear bases in South Korea.

Even with the accumulation of nuclear weapons in the nuclear bases in South Korea, the United States and the South Korean authorities raved about nuclear inspections, thus laying the blame at our door. This is the same as the act of a thief calling, "Stop thief!"

From the outset, the nuclear issue on the Korean peninsula was touched off by the United States.

The great leader Comrade Kim Il-song has taught: The strained situation created on the Korean peninsula and the danger of nuclear war are a direct outcome of the U.S. policy on Korea and its Asian strategy.

It is officially recognized by the world that the United States accelerated making South Korea a nuclear base from the 1970's.

The minutes of the South Korean National Assembly in 1985 recorded that more than 1,720 nuclear weapons of various kinds were deployed in South Korea. Experts pointed out that the number of nuclear weapons deployed in South Korea is four times more than in NATO areas in terms of density of deployment.

This notwithstanding, the United States and the South Korean authorities concealed all of these facts according to the so-called NCND policy which neither confirms nor denies the presence of nuclear weapons.

Since voices at home and abroad demanding the withdrawal of U.S. nuclear weapons deployed in South Korea resounded more loudly with each passing day and the issue of denuclearizing the Korean peninsula was fully discussed, the highest person in authority in South Korea announced the nuclear non-existence declaration only late last year, and U.S. President Bush announced the withdrawal of nuclear weapons from South Korea. Their statements, however, could not remove the doubts of the world.

The North's nuclear issue, which is being babbled about by the United States and the South Korean authorities, does not constitute any problems at all.

As is widely known, we do not have any nuclear weapons or produce them, nor do we have the need to produce them. We use nuclear energy only for peaceful purposes and are making every sincere effort possible to denuclearize the Korean peninsula.

As a result of many inspections conducted by the International Atomic Energy Agency [IAEA], the uprightness and justness of our policy has already been proved.

In an article in its 16 September edition headlined "IAEA's Inspection Report Shows No Evidence of North Korea's Nuclear Development," the Japanese daily SANKEI SHIMBUN said that although special inspections [tukchong sachal] have been conducted in North Korea three times already, they have found no evidence of North Korea's nuclear development and member states of the IAEA Council have been informed of this.

These facts clearly show that the nuclear issue on the Korean peninsula is being raised by the U.S. nuclear bases and nuclear weapons in South Korea. The so-called North's nuclear development or nuclear inspections babbled about by the United States and the South Korean authorities is nothing but a deceptive trick aimed to cover up their nuclear war policy.

The exposure of the fact that there is a U.S. nuclear submarine base in Chinhae, South Korea and that it is frequented by U.S. nuclear-powered submarines carrying nuclear weapons has clearly shown why the South Korean authorities, under the control of the United States, have not accepted our side's proposal for simultaneous, overall North-South nuclear inspection.

Because it has been revealed by those directly responsible that there is a U.S. nuclear base in South Korea and that nuclear-powered submarines carrying nuclear weapons come in and out of the base at all times, the United States and the South Korean authorities should frankly admit this, and, as a matter of course, open all the nuclear bases and nuclear weapons in South Korea to overall inspection.

What should seriously be considered is that even when those directly responsible made public that U.S. nuclear submarines come in and out of the Chinhae base in South Korea and that United States, the party directly concerned, says nothing about it at all, the South Korean authorities deny the fact in monosyllables, saying that "there is no such thing as a nuclear submarine base."

Even at the eighth round of the North-South high-level talks, the South Korean delegates did not utter a word about the U.S. nuclear submarine base in Chinhae, instead kicking up another nuclear commotion babbling about mutual nuclear inspection, thereby fanning North-South confrontation.

This shows that the South Korean authorities are only engrossed in their intention against the implementation of the joint declaration on denuclearization and that they have nothing but antinational and toadyist, treacherous intentions to prolong their lives by keeping South Korea entrusted to outside force as a nuclear base under U.S. pressure.

Denuclearizing the Korean peninsula is the unanimous desire of our fellow countrymen, who want peace and reunification. No good results are in store for the aggressors and traitors who are constantly in pursuit of nuclear war going against the trends of the times and national desire.

If the United States and the South Korean authorities intend to value and implement the North-South Joint Declaration on Denuclearization, they should dismantle the U.S. nuclear-powered submarine base in Chinhae, South Korea, permit no nuclear-powered submarines to make calls at the port, and open U.S. nuclear bases and nuclear weapons in South Korea to overall inspections.

If they keep bringing nuclear weapons into South Korea and cling to nuclear war commotions, they will be held fully responsible for all the consequences.

Premier Greets Li Peng on PRC National Day

SK0210010592 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 30 Sep 92

[Text] Comrade Yon Hyong-muk, premier of the Administration Council, has sent a congratulatory message to Comrade Li Peng, premier of the PRC State Council. The congratulatory message states that he extends warm congratulations to him and the Chinese people on the 43d anniversary of the PRC's founding. After saying that, the message continues: For the past 43 years, under the CPC's leadership, the Chinese people have overcome all sorts of difficulties, made great social and economic progress, and built a new socialist China on the vast Chinese land. The Korean people rejoice over the Chinese people's achievements and treasure the friendly and cooperative relations, which have long historic roots.

The congratulatory message says that he believes the traditional friendly relations between Korea and China will continuously strengthen and develop in compliance with the interests of the two countries' people. The message also wishes that Li Peng's responsible work for modernizing the country will bring greater achievements.

Reunification Group Hosts Forum on Nuclear Issue

SK3009133792 Pyongyang KCNA in English 1101 GMT 30 Sep 92

[Text] Pyongyang September 30 (KCNA)—A press conference on the nuclear problem of South Korea was called at Pyongyang Koryo Hotel today under the sponsorship of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland.

It was addressed by Colonels Kwon Pyong-tae and Mun Chu-ho, military analysts of the Ministry of People's Armed Forces.

In their keynote speeches and answers to questions of reporters, they exposed the nuclear war preparations of the U.S. imperialists and the South Korean authorities.

They told home and foreign reporters:

A U.S. nuclear submarine base was built in secrecy in Chinhae, South Korea, and it is frequented by U.S. army submarines loaded with nuclear weapons.

The Chinhae nuclear submarine base completed in the autumn of 1979 had been visited by U.S. nuclear submarines on some 40 occasions till 1982. Submarines loaded with tactical and strategic nuclear ballistic missiles continuously call at it even after the effectuation of the North-South joint declaration on denuclearization.

These facts were opened to the public by testimonies of former and incumbent liaison officers in charge of the management of Chinhae nuclear submarine base. The facts prove that the South Korean chief executive's declaration on the absence of nuclear weapons is a lie and deception.

The U.S. imperialists began to introduce nuclear weapons into South Korea in the middle of the 1950s and have since brought more than 1,000 pieces, turning South Korea into a nuclear arsenal. (According to data officially published at the U.S. House of Representatives in May 1975, some 1,000 nuclear weapons and 54 nuclear-capable planes were deployed in South Korea. Minutes No. 111 of the 125th plenary meeting of the "National Assembly" of South Korea in 1985 says the U.S. nuclear weapons deployed in South Korea number 1,720.)

U.S. President Bush announced that all the tactical nuclear weapons were withdrawn from South Korea but nuclear weapons remain till today as they are and the danger of nuclear war grows still further.

The Government of the Democratic People's Republic of Korea regarded nuclear problem as a pressing question directly related to the destiny of the nation and has waged an unremitting struggle for the denuclearisation of the Korean peninsula and thus a joint declaration on denuclearisation was adopted and brought into effect. If the Korean peninsula is to be denuclearized and peace in Korea and Asia is to be ensured, it is imperative to

honestly implement the joint declaration on denuclearisation and what is important here is to make nuclear inspection verifying denuclearisation.

The DPRK's peaceful nuclear policy was confirmed through the three rounds of irregular inspection by the IAEA [International Atomic Energy Agency]. This notwithstanding, the United States and the South Korean authorities are talking about "North's nuclear development." This is nothing but a sophism to justify their policy of nuclear war.

They called for an overall inspection of the U.S. nuclear weapons and nuclear bases in South Korea, realization of disarmament in the North and the South, halt to nuclear war exercises in South Korea and total withdrawal of the U.S. forces and nuclear weapons from there.

Senior Government Officials Mourn So Chol

SK0210051692 Pyongyang KCNA in English 1516 GMT 1 Oct 92

[Text] Pyongyang October 1 (KCNA)—Senior party and government officials on October 1 called at the bier of the late Comrade So Chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, and expressed deep condolences.

A wreath from the great leader Comrade Kim Il-song was standing by the bier.

A wreath from the dear leader Comrade Kim Chong-il was also standing by the bier.

There were wreaths from the Central Committee of the Workers' Party of Korea, the Central People's Committee of the Democratic People's Republic of Korea, the Administration Council of the DPRK and the Ministry of People's Armed Forces.

The mourners were O Chin-u, member of the presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea and minister of People's Armed Forces; Yi Chong-ok and Pak Song-chol, members of the Political Bureau of the WPK Central Committee and vice-presidents; and other senior party and government officials.

While the band solemnly played the dirge, the senior officials of party and government observed a moment's silence as a tribute to the memory of the deceased who remained boundlessly loyal to the party and the leader to the last moments of his life and devoted his all to the prosperity and development of the country, to the happiness of the people and to the accomplishment of the cause of chuche under the leadership of the party.

Officials of the WPK Central Committee, the Central People's Committee of the DPRK, the Administration Council, the Ministry of People's Armed Forces, commissions and ministries of the Administration Council, central organs and social organisations, men of science, education, culture and art and the press, officers of the Korean People's Army and officials of party and government bodies and administration and economic organs in Pyongyang visited the bier of the deceased and mourned his death.

And members of the delegation of educators of the General Association of Korean Residents in Japan staying in the socialist homeland and diplomatic envoys of different countries in Pyongyang called at the bier to express condolences.

Kim Il-song Sends Wreath

SK0110152792 Pyongyang KCNA in English 1514 GMT 1 Oct 92

[Text] Pyongyang October 1 (KCNA)—The great leader President Kim Il-song on September 30 sent a wreath to the bier of Comrade So Chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, expressing deep condolences over his death.

Kim Chong-il Sends Wreath

SK0110152692 Pyongyang KCNA in English 1515 GMT 1 Oct 92

[Text] Pyongyang October 1 (KCNA)—The dear leader Comrade Kim Chong-il sent a wreath to the bier of Comrade So Chol, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea, expressing deep condolences on September 30.

Paper Lauds Kim Il-song 'Outstanding Greatness'

SK3009134292 Pyongyang KCNA in English 1049 GMT 30 Sep 92

["Korean People Very Happy To Have Great Leader With Noble Virtues"—KCNA headline]

[Text] Pyongyang September 30 (KCNA)—The respected leader Comrade Kim Il-song is a distinguished great man with unexcelled gifts not only in ideological and theoretical wisdom and leadership but also in virtues, stresses NODONG SINMUN today in a signed article entitled "Korean People Very Happy To Have Great Leader With Noble Virtues."

The article says:

Comrade Kim Il-song's outstanding greatness finds expression in his noble virtues of deeply loving the people.

He is a great father who shapes policies of noble virtues to provide the people with a worthy life and happiness. He makes the political philosophy of our party and state serve the people and all state activities serve them by laying down lines and policies for them.

He was the first in history to expound the principle of chuche that the masses of the people are the masters of the revolution and construction and they are the motive force of the revolution and construction and to establish

a position and viewpoint of regarding the people as the most powerful and intelligent beings.

His loving care is very warm and endless. He visits any solitary place where people live and looks after their life with meticulous care, opening the lid of a cooking pot in the kitchen of an ordinary family and tasting the soup at a mess hall of factory workers.

His love of the people knows no bound in scope. He embraces not only workers, peasants, and working intellectuals but also all classes and social strata who are interested in the revolution and includes them in the masses and believes them to be eternal companions of the revolution.

If a person, who was an anti-communist element or committed a grave crime against the nation in the past, honestly serves the people, Comrade Kim Il-song takes him to his magnanimous embrace.

Not only Korean people, but also those who advocate independence and fight to realise it are all embraced, deeply trusted, and warmly loved by him.

Amid his noble love of the people, the most solid and great singlehearted unity has been achieved in which the country is full of filial sons and daughters with firm faith and will and the whole society is firmly united on the bases of comradeship and revolutionary obligation. And world-startling epoch-making miracles and changes take place in an endless chain in Korea.

South Korea

Exchanges of Economic Officials With PRC Set

SK0210030292 Seoul YONHAP in English 0029 GMT 2 Oct 92

[Text] Seoul, Oct. 2 (YONHAP)—South Korea and China will exchange economic officials regularly from next year, the Korea Chamber of Commerce and Industry (KCCI) said Thursday.

Korea has agreed to send economic officials to China in April next year for the first Korea-China non-governmental meeting on economic cooperation, KCCI head Kim Sang-ha told reporters on returning from China with President No Tae-u.

Chinese economic officials would participate in the Taejon Expo in August next year, Kim said.

The two countries will also exchange economic information and provide mutual support for active participation in local and international events, he said.

PRC Small, Medium Business Delegation Arrives

SK0110061092 Seoul THE KOREA HERALD in English 1 Oct 92 p 10

[Text] A 10-member delegation representing China's small-and medium-sized businesses arrived in Seoul yesterday for a 15-day visit of Korea, at the invitation of the Korea Federation of Small Business.

While here, the Chinese delegation, led by Sheng Shuren, chairman of the China International Cooperation Association of Small Medium Enterprises, will visit major business associations, as well as large and small enterprises, including Hyundai Motor Co., federation officials said.

The Chinese officials will also hold a briefing session Oct. 5 for Korean businessmen wanting to invest in China. The small industrial organizations of the two countries concluded a business cooperation accord last August.

Most See No's China Visit 'Highly Significant'

SK0110115592 Seoul YONHAP in English 1056 GMT 1 Oct 92

[Text] Seoul, Oct. 1 (YONHAP)—A majority of the South Koreans believe the recent state visit of President No Tae-u to China has contributed much to national interests, according to a recent opinion poll.

The survey, conducted by the Korea Gallup Co. in a contract awarded by the Ministry of Information, showed that of the 788 persons questioned, 84.2 percent replied the visit was highly significant in that it contributed to national interests. Only 15 percent of the pollees said the visit was insignificant.

The poll was conducted on Sept. 30 in telephone contacts with 788 men and women aged 20 or older across the country.

Of those who affirmatively viewed the presidential visit, 47.5 percent said the visit would have favorable impact on economic exchanges, 24.0 percent on diplomatic cooperation, 20.8 percent on the restraint of the North's nuclear arms development, and 1.5 percent on cultural and sports exchanges.

Those who said economic exchanges with China would turn brisk represented 85.2 percent of the total, and another 78.3 percent observed the development of Korea-China relations would have an affirmative effect on the efforts to improve South and North Korean relations.

Another 67.6 percent of the total pollees said President No's visit to China would contribute to containing North Korea's nuclear arms development.

Of the pollees, 48.8 percent said China is reliable while 31.6 percent said China is not.

Article Details North's Petroleum Shortages

SK2909032692 Seoul TONG-A ILBO in Korean 27 Sep 92 p 20

[Article by reporter Pak Chae-kyun from the column "North Korean News"]

[Text] It was learned that North Korea has been sharply restricting the operation of cars recently because of a serious oil shortage.

According to the NAEWOE News Agency, North Korean authorities have been suspending oil supplies for cars for three days every week, that is, on Friday, Saturday, and Sunday, since mid-June.

This is why it is difficult to find cars running on streets for these three days.

In case cars have to be operated during these three days, a "certificate for car operation" is issued.

If the cars belong to plants or enterprises, the certificates are issued by the Ministry of Public Security's Second Bureau. If the cars belong to party organs, the Changgwang Transport General Bureau under the Financial Accounting Department of the central party issues the certificates.

It was learned that if the cars to be used belong to plants or enterprises, the certificates are issued to only 20-30 percent of those cars.

Ever since last year, before it adopted the certificate system, North Korea has followed a policy of disallowing driving once a week. In accordance with Secretary Kim Chong-il's instruction, night operation of cars has been drastically restricted since January 1992.

North Korea has been suffering from such a serious oil shortage because the import of oil from China and the former Soviet Union, which had been its major oil suppliers, has been sharply reduced since early 1991.

For some time, the former Soviet Union has demanded payment in hard currency for oil. China also withdrew its "friendly price" (one third of the normal price) from North Korea and demanded that North Korea readjust the price to a realistic level. At the same time, even the import of oil from the Middle East was reduced because of North Korea's shortage of foreign exchange.

Thus, the import of oil greatly decreased from 2.5 million tons in 1990 to 1.89 million tons in 1991. This level of import is far below the total demand of 3.5 million tons.

JNCC Chief Affirms United Stand on Inspections

SK0110134992 Seoul KBS-1 Radio Network in Korean 1300 GMT 1 Oct 92

[Text] Kong No-myong, our side's chairman of the South-North Joint Nuclear Control Committee [JNCC], revealed that if North Korea is to free itself from isolation and economic difficulties, there is no other way but to respond to carrying out mutual inspection as soon as possible. Chairman Kong, who returned home on the evening of 1 October after winding up his visit to the United States and Mexico, said that high-ranking U.S. officials also fully agree to our side's principle of carrying out mutual inspection. He also said that there is no change in the U.S. position that inspection on all suspicious regions and a special inspection should be carried out without fail.

Chairman Kong added that resolving the nuclear issue does not simply signify providing regulations for mutual inspection. He said that it also means carrying out practical mutual inspection based on inspection regulations. He revealed that rumors that the ROK and the United States have different opinions on carrying out mutual inspection is groundless.

Daewoo Named as First DPRK Business Partner

SK0210065092 Seoul YONHAP in English 0617 GMT 2 Oct 92

[Text] Seoul, Oct. 2 (YONHAP)—The government will approve the Daewoo Business Group as a South Korean partner in inter-Korean cooperation no later than Oct. 6, when a South Korean survey team is to leave for North Korea to study the feasibility of building an industrial complex in Nampo, an informed official said Friday.

If things go in favor of Daewoo, the group will be the first South Korean enterprise to be officially sanctioned as a partner for inter-Korean cooperation, but Daewoo will have to obtain separate government approval for every project, the source said.

Approval has been delayed in accordance with a government decision in March to link inter-Korean economic cooperation with nuclear issues.

Daewoo applied to become an inter-Korean cooperation project partner in January.

* Some Separated Families Reunited in China

922C0178 Seoul CHOSON ILBO in Korean 8 Jun 92 p 23

[Text] Whenever her face pops up in front of him, a Mr. Yi (age 67) whose home province is Hwanghae, loses his sleep at night over the question as to whether and how he could arrange another opportunity to meet his younger sister (age 54), whom he saw at (Harbin) railroad station in China in the middle of last February, again in his life-time.

It was through the aid of a compatriot from China visiting this country for employment who arranged the meeting that Mr. Yi met his younger sister for the first time in 42 years since he left her in the North during the Korean war. The number of letters Mr. Yi received from his sister via China now reaches 15 since the summer of

'90 when he found out her address in North Korea through the compatriot after his return to China. Mr. Yi solicited the compatriot in China to "send an invitation to North Korea for the sister under disguise that she was a relative of the compatriot's." Through meanderings such as that, in the end, three brothers in cluding Mr. Yi rushed from Seoul to meet their younger sister from the North in a distant land and spent 15 days with her exchanging the affection of one's own flesh and blood.

"This was carried out without the government approval. And, I doubt I could have found my own blood relative, had I not done so," said Mr. Yi and he left his statement vague: "Although they say that mutual group visitations might be arranged following the exchange of the North-South accord, I am not sure about my chance to see my younger sister again, because the size of the visiting group to the north would be limited to only 100 persons."

An increasing number of displaced families from their home towns in the north are meeting their kind in China, having them invited out to China after covert exchanges of letters through various routes such as that Mr. Yi had gone through. Although the existing National Security Act prohibits "any contact or correspondence to or with a North Korean resident," displaced families from the north are mobilizing ingenious schemes matched to the challenges of the situation, maintaining that "inasmuch as the tragedy of separated families was brought about by the realities of divided country, the authorities of the north and the south are too nonchalant concerning the issues of family search."

There is the case of a Mr. Hong (age 55), who came to the south from South P'yongan province, finding his blood relatives through a North Korean visitor to China, having paid a gruity of several million won. Mr. Hong handed over to the North Korean, whom he met during his visit to China's Yanbian last year, 1 million won as the starter fee "to locate two of his siblings, a younger sister and a younger brother, whom he left behind." This North Korean revisited China last February and forwarded a letter to Mr. Hong containing his younger siblings' addresses, pictures and letters. Mr. Hong said, "Later, I arranged to meet my sister who is in the north through my younger brother who had immigrated to Canada, and I handed 500 dollars to her for her living expenses." Mr. Hong was quite frank to admit that he "often hears stories about how people meet their relatives in the north through this and that way when he attends the home country civic meetings."

In reverse, there are cases in which residents of North Korea search for their separated families living in the south through compatriots in China. Last April, at Mr. Chong, a compatriot in China who was visiting North Korea because of a request made to him by a displaced family in the south, received a secret visit from Mr. Pak, a North Korean resident, who heard of Mr. Chong's visit, to be entrusted with the task of "finding Mr. Pak's brothers living in the south" together with a note showing the names of the brothers and their addresses at the time of the Korean war. The note was passed on to one of the brothers (age 69) living in South Kyongsan province with help from a family search group in the south, and the brothers in the south sent their younger brother in the north a letter about the state of the family noting the anniversary dates of their parents' death and a family picture enclosed in it through the compatriot in China.

Mr. Kim Hak-chun (age 32), a representative from the (Korean People's Reunion Assoc.), located in Chongro district in Seoul, that initiated the tasks of finding relatives in the north, opined: "We have on hand several hundred letters asking us to find families in North Korea, but we are not coming up with many successful results because of the heavy restrictions." He added: "It is absolutely agonizing to witness these displaced families running all over in search of a way to locate their blood relatives, clinging to the hope that they might have an opportunity to visit their native places in the north while the magnitude of that hope, as a real prospect, is about the size of the eye of a needle.

No Tae-u To Replace Prime Minister 7, 8 Oct

SK0210004192 Seoul YONHAP in English 2332 GMT 1 Oct 92

[Text] Seoul, Oct. 2 (YONHAP)—President No Tae-u plans to replace the prime minister Oct. 7 or 8 after consulting with leaders of three political parties separately until Oct. 6, sources said Friday.

President No is scheduled to meet with Kim Yong-sam, president of the Democratic Liberal Party [DLP], Friday evening. The Chongwadae meeting will be followed by conferences with Kim Tae-chung, leader of the main opposition Democratic Party, Monday and Chong Chu-yong, leader of the Unification National Party [officially renamed United People's Party] Tuesday, the sources said.

Kim Chung-kwon, presidential secretary for political affairs, said Friday evening that there will not be a four-man conference of three party leaders with No.

After obtaining parliamentary approval for the new prime minister, No will form a neutral cabinet to oversee the presidential election in consultation with the prime minister who is to be selected from among several "non-political and impartial" candidates suggested by the party leaders.

No will visit the office of the Democratic Liberal Party Monday to submit an official paper to leave the party. In an unprecedented announcement Sept. 18, No said he will leave the DLP to help carry out a fairer and cleaner presidential election in mid-December.

On Tuesday, the president will invite the three party leaders, Speaker of the National Assembly Pak Chun-kyu, Prime Minister Chong Won-sik, and Chief Justice

Kim Tok-chu and other dignitaries to Chongwadae for dinner to brief them on his visits to the United Nations and China.

Names New Premier Pending Approval

SK0210120792 Seoul YONHAP in English 1052 GMT 2 Oct 92

[Text] Seoul, Oct. 2 (YONHAP)—President No Tae-u has designated Hyon Sung-chong, now president of the Korean Federation of Education Association, as the prime minister of a neutral caretaker cabinet, and is sounding out the views of the three major parties on his possible appointment, it was learned Friday.

A source at Chongwadae said Friday evening that as the heads of the three parties, in their meeting last Monday, gave free hands to the president on the issue of forming a neutral government, President No has considered Hyon as the likely new premier.

Hyon was born in Kaechon, South Pyong-an Province now in North Korea, in 1919, and taught at Korea University for nearly two decades.

A graduate from Kyongsong Imperial University, the predecessor of Seoul National University, Hyon also served as president of Songkyongwan and Hallim Universities.

No's choice of Hyon was said to have been notified to Kim Yong-sam, head of the Democratic Liberal Party, during Friday evening's meeting and Kim, it was learned, gave an affirmative response.

The two opposition parties were also unofficially informed about the selection, and both parties showed favorable response, senior officials of the two parties said.

National Assembly Still Facing 'Rough Sailing'

SK3009072792 Seoul THE KOREA TIMES in English 30 Sep 92 p 2

[By staff reporter Sim Chae-yun]

[Text] The National Assembly is expected to face rough sailing as the rival political parties still sharply differ over some controversial issues although they produced an agreement on normalizing the Assembly in a meeting of their leaders Monday.

The parties remain poles apart on many controversial points. The majority Democratic Liberal Party [DLP] is against the parliamentary inspection of local governments while the Democratic Party [DP] and United People's Party [UPP] are for it.

The DLP is also opting for shortening the inspection period of central government agencies to 10 days compared to the DP and UPP demand for 14 days.

The three parties agreed to operate an all-party Assembly committee to deal with the revision of laws pertinent to the Agency for National Security Planning [NSP], presidential election and local government elections.

Of these, the NSP law revision tops the partisan differences. The NSP has been the main target of public criticism as it was involved in past elections in behalf of ruling party candidates.

The agency's political involvement has emerged as a main issue in political circles again in the wake of a former county head's divulgence of its involvement in the March Assembly elections to help a DLP candidate. In the wake of this flurry of criticism, ranking NSP officials resolved not to engage in domestic politics any longer.

The 13th Assembly failed to act on the revision of the NSP law although the three opposition parties attempted to limit its power on the occasion of the three party merger in 1990.

The three parties recognize the fact that a revision is needed to ensure the NSP's strict political neutrality and restrict its activities to the boundary of collecting information in security fields.

They also concur on the necessity of setting up an Assembly standing committee tentatively named the information committee for the inspection of NSP activities.

The DP and UPP also want to deprive the agency of investigation rights in non-security fields while the DLP opposes it.

The DP and UPP also demand doing away with the NSP right to refuse the Assembly demands for answering certain issues in verbal or written forms on the pretext of national security.

In contrast, the DLP insists on the agency's maintaining its investigation rights in cases where espionage is involved and opposes bringing to light its budget, citing the nature of the organization.

To conclude the leaders' meeting where the six-point agreement was reached, floor leaders of the three major parties got together yesterday and concurred on opening the Assembly on Oct. 3 to form the standing committees and conduct the parliamentary inspection on the administration.

As to the thorny issue of allotting the standing committee chairmanships, they agreed to give the majority Democratic Liberal Party 10, Democratic Party 5, and United People's Party 2.

The DP withdrew its original demand for 6 committee chairmanships as the three decided to allow the party the chairmanship of the special committee on national unification.

With regard to the presidential election law, they have not been able to reach a compromise on the issue of lowering the voting age and punishing public officials found involved in elections. The DP has called for lowering the age to 18 from present 20.

They are expected to haggle over whether or not to eliminate the political fund donation system under which recipients are specified.

As to the neutral cabinet, President No Tae-u will make a decision soon.

No is likely to conclude the organization of the caretaker cabinet around early next month after consultations with the party leaders as he had previously promised.

The three leaders also clarified they would meet No on the issue if asked by him.

DLP president Kim Yong-sam said he would meet No Oct. 1 to discuss the neutral cabinet issue when No returns from China.

The President's decision could result in political turmoil again if the cabinet is not agreeable to DP and UPP expectations as the two party leaders judge No's appointment will be a litmus paper in showing his will for a fair presidential election.

* Private Loan Market Virtually Running Economy

922C0237A Seoul HANGUK KYONGJE SINMUN in Korean 30, 31 Jul, 1, 4, 5, 6, 8 Aug 92

[Article in seven installments by reporters: "Private Loan Market: A Study of a Land Fraud Case Involving the Defense Intelligence Command"]

[30 Jul 92 p 3]

[By Song Chae-cho: "The Underground Money Running the Economy"]

[Text] The private loan market is said to move hundreds of billions of won of cash at a time and to hold sway even over the most self-centered businesses. As a symbol of the underground economy in a sense, the market began drawing attention anew as it inevitably was made the focus of news reports in the recent land fraud case involving the Defense Intelligence Command. Then, what is its mechanism, and the source of its strong vitality? Who is running it? Is it really a necessary evil to our economy? Prompted by the said land fraud case, and marking the occasion of the 20th anniversary of the "3 August [1972 private-loan freeze] measure," here is a study unveiling the private loan market. (Editor)

The private loan market has been a synonym for the underground economy.

Bundles of bank notes in the hundreds of billions or thousands of billions of won come and go "in silence." It is the private loan market in action. Both the form and terms of transaction are hidden in a veil of mystery. The lenders would not even show their faces—they are domicileless, so to speak. It is the epicenter of money markets, large and small; nevertheless, it stays beyond the reach of official regulatory measures as a "free market." Thus, it can be a substitute for official money markets at any time. It continued to display strong vitality as a domicileless (and stateless) free market, free of official control. Perhaps it can be called a "Korean-version Euro market."

At 1000 on 15 July, Kim Ki-hwan (fictitious name), 47, left Kimpo Airport with an air ticket to Tianjin, China. For 12 years, he had worked as a private loan broker in Myongdong, Seoul. He said that "when it showers, the best policy is to run away from it." The remark provides a glance at the private loan market's chameleon-like property.

The shower in this case is none other than the land fraud case involving the Defense Intelligence Command. It was not just once or twice that he was caught in—more correctly, ran away from—a shower in the past decade or so. The Yi [Chol-hui]-Chang [Yong-cha] case in 1982, the Myongsong case right after that, the Yongdong development case and so on, so forth.... In a sense it may have been the private market indeed that held the reins our economy to date.

Looking back further, we see cases reflecting the enormous power wielded by the private loan market. Most typical was the 3 August, 1972, measure. On the evening of 2 August that year, President Pak Chong-hui exercised his authority for emergency orders and ordered all existing private loans be reported to authorities. The measure stated that in case of failure, validity of loans shall not be recognized.

The total amount of private loans thus frozen at the time was 345 billion won [W], or 90% of the currency in circulation (M-1) which was W390 billion, or nearly twice the currency issue which was W190 billion.

In an effort to absorb private finances into the institutional sphere, short-term investment finance companies, mutual credit associations and credit cooperatives were established. These measures intended for an open market seemed to drive the private loan market out of existence.

That turned out to be not the case, however. The Yi-Chang case that occurred 10 years later proved it. But, again, the private loan market was forced to make a retreat, this time under the 28 June [1982] economic revitalization measure. Then came the 3 July program the same year aimed at bringing all financial transactions into the open.

It was also announced that the government would establish a system making the use of real names mandatory in financial transactions, repealing the law guaranteeing privacy on deposits and installments. Under the system,

if transactions in cover names were converted to real names, they were to be exempted from official inquiries into the source of the funds. Although the system failed to materialize after all, the announcement had the effect of bringing underground money—estimated at W1.1 trillion—into the open to put a damper on private loan transactions. Nevertheless, the private loan market is still going strong.

There are a number of reasons that the private loan market exists despite government policies seeking to get rid of it. First of all, there are no "appropriate places to invest money in," according to brokers involved.

"The best way of lending money is to lend it to reliable businesses on the basis of correct information," says Yi Sang-hak (fictitious name), 55, a lender who lends his money to brokers in Myongdong and Sogongdong. "Do you know why the private loan market shrank awhile in the mid-1980's?" he asks. It was because of the bubble economy, he goes on, suggesting that it was the time of the real estate and stock market booms and, as a result, large operators rushed to those markets in search of high profits.

There is a fundamental reason why private loan funds dislike the sun. Yi Sang-hak, who profited in a big way from the real estate boom, proudly declared that "I have now joined former high-ranking government officials, politicians and retired generals and admirals as a fellow lender." The other side of his pride could mean that the funds circulating in the private loan market are not honorable ones, however. It can be said that in most cases, black money such as that received as bribes would be used as "seed money."

The backwardness of the nation's institutional sphere whose history is short and its environment inferior, is also responsible for the thriving private loans. Ask no questions about those short-term investment finance firms and credit associations which owed their establishment itself to funds from the private loan market. But, it is the reality of our financial world that even banks dance to the big lenders' tune. Bankers are simply too worn out from the credit competition to try and examine what is behind the "suspicious money."

In fact, they are rather given to money from big lenders as if it were an oasis for them. Some even say that various organizations administering public funds are also connected with the mightily influential private loan market.

Banking institutions themselves are playing a part in propping up the private loan market by allowing bank accounts to be opened using fictitious names, or other people's names by stealth, and various financial commodities to be bought and sold anonymously.

Lenders having experienced bad loans, large or small, in the past are taking full advantage of such institutional loopholes. By having an institutional agency in between, they can have the recovery of the principal guaranteed and, at the same time, gain high yields.

It should also be noted that banking institutions are failing to meet the business demand for funds satisfactorily. It is precisely in this area that what brokers call the propitious function of the private market comes in. They insist that the private loan market is making fine contributions to providing industrial funds that banks are unable to supply. Although it is not statistically shown, experts estimate the present size of the private loan market at approximately W7 trillion. It is a huge amount of money equivalent roughly to 10% of the total money supply (M-2). Of that amount, the money that moves daily is W60 billion to W70 billion.

The problem is that this huge amount of money is spawning various irregularities and side effects. While serving as a hotbed of tax evasion, the market these days is also being used for money laundering purposes, turning itself even into a source of all types of criminal activities.

[31 Jul 92 p 3]

[By Hong Chan-son: "Who Are the Lenders?"]

[Text] The private loan market is invisible by nature. As regards its size or how it is run, only speculations are rife. It is virtually impossible to know every fact about it. Particularly dark-veiled is the existence of "chonju" or the lender.

It is literally the owner of the money that is lent. In the market, the lenders are actually called not "chonju" but "cchonju," however.

There is a reason that they are called that way, namely that the money they lend was acquired, in most cases, by means not very honorable, such as bribes, tax evasion or property speculations. Therefore, their wealth is not readily viewed in an affirmative light, although it could be an envy to the general public. One may say that there is something "dubious" about it and that this notion led to the humbling of the lenders to "cchonju."

At any rate, the lenders are divided roughly into three categories—"big lenders" who move tens of billions of won to thousands of billions of won, "middle-size lenders" handling billions of won, and "small lenders" operating with less than W100 million.

The president of a certain credit association says: "As for the big lenders, it is known that currently, there are some 500 of them in Seoul alone and more than a dozen of them are 'giant-size lenders' owning over W100 billion. The total number of lenders will be as many as 10,000, including the small ones." The big lenders and small lenders, intertwined with one another, are manipulating the private loan market, the symbol of the underground economy.

The lenders, needless to say, do not show their "faces." But, from the "shadows" of the veiled faces, they are known to be former high-ranking government officials, retired generals or admirals, politicians, real estate chaebol [conglomerates] and business owners.

Among them are Mr L known for influence he wielded wherever he went in the Third Republic days; Mr P, an ex-general; another Mr P who once served as a cabinet member, and Messrs L and K who are both active politicians. These things are known to all normally considered knowledgeable about such things.

They can be called products of "corrupt economy" because they amassed their wealth by skimming the "icing" of the cake in the economic development process in the past. Meanwhile, there are other types of lenders produced by "premium economy," i.e., the new riches made by a real estate boom.

Among the latter are Mr L who is one of the large stockholders of a newly established bank; Mr D who owns H Building and a hotel, Mr L who leases a building to a bank, and Mr K, chairman of a department store.

These people involved in real estate speculations have lately been dominating the private loan market as most active lenders as a result of various development programs launched by the government since the start of the Sixth Republic.

In some cases, business owners would engage in lending in the private loan market. They are the so-called "watakushi" (Japanese word meaning private) lender. Their way of lending is obvious: they maintain two separate accounts, corporate and individual, and lend to their own company (corporation). The money naturally begets high interests as it moves from their left pocket to the right. The more their corporation suffers from a fund shortage, the fatter becomes their bank account, inevitably. This may explain why people say that a business might perish but not its owner—he gets even richer.

Also among the ranks of big lenders often named in gossips are Mr J, chairman of the K Credit Association; Mr B, chairman of K Securities Co., and Mr L, chairman of D Securities Co. They transformed themselves into presidents of banking institutions in the wake of the government's 1972 and 1982 measures aimed at bringing the private loan market into the open. But, rumors have it that they continue to have two faces, the face of the head of a public banking institution and that of a moneylender.

As the times change, the leading lenders also change, as it is with everything in this world. From the post-Liberation era to the 1960's, it was dealers in rice and wheat flour who were dominant lenders. They came off the big gainers of the so-called three-white industries era.

In the Vietnam war era, when this country sent troops to Vietnam, they were replaced by people with access to munitions, who turned out to be the successor. But, these people also had to be replaced by the beneficiaries of the special procurements for the Middle East in the latter half of the 1970's. Yet, lately, new riches from the real estate boom emerged as new lenders dominating the market.

Along with lenders, brokers also serve as pillars supporting the private loan market. Although lenders and brokers are sometimes mixed up, they clearly belong to different "tribes." Brokers are the group who seek and find those "needing money urgently for immediate use" (businesses in most cases) and take them to lenders.

Lenders, big lenders in particular, keep brokers in their front to do transactions. They never come forward in person. In other words, it is the brokers who come in and out of the "curtain" that covers the lenders and who thus connect the "on-the-earth economy" with the "underground economy."

Brokers are hidden in veils as lenders are. They are intertwined in an organization made up thoroughly by points.

One of their characteristics is that they form groups, each consisting of a few dozens of brokers. They maintain offices in so-called curb lenders alleys in Myongdong, Chongno 3d St., and Sinsadong 4th St. What appear to be phantom companies clustered there under such signs as "So-&-so Planning" or "So-&-so Trading" are their offices.

Brokers are largely graduates of commercial high schools or former employees of financial institutions such as banks and short-term investment loan firms, or even former executives in charge of the fund division at business firms. Among them, K Commercial High School in South Chungchong Province, P Commercial High School in Pusan, D Commercial High School in Taegu, and S Commercial High School in Seoul are among the "prestige schools" producing such brokers.

The private loan market has shrunk since the beginning of this year, and a considerable number of brokers quit the market, temporarily or for good, and reportedly have been drawn into the institutional banking sphere. Evidently the private loan market will revive at any time if "conditions" improve.

It is because it does not question "the source and nature of the money." The confidentiality is thoroughly protected and there is no worry about tax. In addition, the interest rates there are nearly twice the rates offered by the institutional sphere. Thus, in our country at least, the "cchonju" lenders can enjoy a comfortable life.

It must be for this reason that the proposed mandatory use of real names in financial activities is being discussed once again in the wake of the land fraud case involving the Defense Intelligence Command. Some argue that institutional banking organizations should lower the threshold. Whichever way the government policy may turn, father-to-son succession of "cchonju" business

should be prevented by all means. It is a big problem that a "cchonju's" son also becomes a "cchonju." It is as clear as day that unless the practice of father-to-son succession among the lenders comes to an end, the dark aspects of our economy will also be inevitably carried on from generation to generation.

[1 Aug 92 p 3]

[By Song Chae-cho: "Where and How Transactions Are Done"]

[Text] At a corner of the fifth floor of a shabby building behind the Seoul Trust Bank main office, there is an office no larger than three or four pyong. A desk, a few pieces of furniture for receiving visitors, and two telephones are all the furnishings there. Hanging on a wall conspicuously is a framed copy of a certain insurance firm's agent license. Visitors are few. Only the telephones ring from time to time.

In the building right next to it is another office just like that. The sign reads "So-&-so Trading."

At a glance, they look like ordinary insurance agents or trading firms. The truth is far from it. They are private loan brokers in disguise. There are 500 to 600 of them in the Myongdong area alone. They precisely represent the so-called No. 1 Private Loan Street. One may even call it Private Loan Wall Street.

Chong Chae-son (fictitious name), 45, the owner of the said "So-&-so Trading," deals in an average of W500 million to W1 billion daily as an intermediary. I asked the upper-middle-class broker "Where do you actually conduct your business?" He avoided to make a straight answer but, tilting his head a bit, said:

"Wherever there is a ticket (bill) and a tama (lender) [Japanese word tama means bullet, an instrument or a guy], there is a market as a rule." It does not require any physically designated place for it, he explains.

In the early 1980's at least, when the traffic in negotiable bills was heavy, Myongdong—more specifically, the broker group there—was a synonym for the private loan market. The private loan market precisely meant places where brokers sought and found lenders, received funds from them, and handed them to businesses that had asked for them to meet their urgent needs.

The situation has changed completely now, however. With the outbreak of such major financial scandals as the Yi-Chang case, the Myongsong case and the Yongdong development, the market was no longer confined to those "phantom offices" in Myongdong, as enterprises drastically cut back on their issue of negotiable bills as a result of the government's regulatory measures.

Public financial institutions, too, have since been offering their services for private loan transactions, directly or indirectly. Especially, the bigger the lenders, the more they utilize public institutions by putting them in between. For the huge amount of funds they can move, they perhaps regard a local bank branch head's office as if it were a Myongdong broker's room.

Then, how do lenders maneuver with banks in between? So many cases, so many types, but the fundamental mechanism has not changed much.

Here is a typical case. Enterprise A makes an urgent request to Broker B for a fund. Broker B picks an appropriate lender. The lender does not give him the fund directly but the message that he will deposit the money in C Banks's Myongdong branch and that it can be picked up there.

If Enterprise A accepts the terms, the lender gives Broker B the "number," his CD (certificate of deposit) number, which is informed to Enterprise A. Using the number, the enterprise obtains a loan from the designated bank. In short, lenders provide banks with funds by purchasing CD's, which the banks use to make loans to enterprises. That is the system.

At that time, Enterprise A pays the lender "plus something" through the broker, in addition to the fixed interests to the bank. Needless to say, the plus-something is the difference between the private loan interest rate and the rate on bank deposits.

According to Chong, "perhaps 90% of the CD's issued by banks are in the hands of the big lenders." His remark attests the open secret that bank counters are being offered as places for private loan transactions.

Chong pushed a thick file of business cards to me, as if it contained some material evidence. Most of the cards in that file must have been bankers'.

This kind of situation is the result of the shared interests among the three parties—the lender seeking a shield of safety for his money, the banker struggling to meet the goal for deposits, and the borrower (enterprise) urgently needing money. It can be viewed as a three-in-one transaction. Thus, private loan transactions materialize through legitimate procedures that are "known, but not openly."

Banks are still passive in this role. Short-term investment loan firms, credit associations and other secondary financial institutions would, in some cases, even take the lead in arranging private loans. They go ahead and bring in brokers, luring them into illicit deals.

There was this case early this year: A negotiable bill to the tune of W8 billion issued by the S Group somehow found its way into the private loan market through J Investment Loan Co. It changed hands among brokers in Myongdong. In other words, it floated through multi-stage discounts. Rumors that promptly began circulating in the market had it that J, through a broker, had laundered a political fund offered by S.

Mutual Credit Unions are replete with improprieties. Those unions prefer discounts for bills at the time of

private loan transactions, because that way the repayment is made relatively before it becomes overdue.

The problem is the names of enterprises that endorsed bills discounted by credit unions. In many cases, they are said to be false. The culprit of false endorsements is the unions themselves. It is the last resort being used by credit unions to give validity to private loan transactions.

This is not to say that every bank office or short-term investment loan firm is being frequented by lenders and brokers. It is limited to large branches and firms having many businesses as their customers and substantially capable of extending and receiving credit.

In a comment backing it up, Mr "K" who heads the Uljiro branch of a city bank and is well experienced in private loan transactions says: "At provincial or suburban branches, when they have employees transferred to the loan or current account section, they have a tough time educating them on the system of private loan transaction."

The reason big lenders seek only large branches of banking institutions is that even if they deposit or withdraw huge amounts, it usually creates no stir. In other words, large branches are that much more reliable in keeping secrecy.

At any rate, currently, private loan transactions using banks and other public institutions are flourishing. It cannot be said that this practice is all bad. In a sense, it has an undeniably positive aspect, namely that it helps absorb the private money market into public banking systems.

The problem is the evils accompanying it. Aside from various irregularities and frauds associated with the practice, it, first of all, makes it absurdly costly for the borrowers to borrow money. For the lenders, it brings a usurious rate of interest including the plus-something money. It is indeed important to implement a system making the use of real names mandatory in banking operations, but more urgent is to examine if the present systems are being operated as they should be.

In short, while different interest-income tax rates are applied to deposits in real names and those in fictitious names, are banks really in no case treating fictitious-name deposits favorably as real-name deposits? Let me raise this question here because I have heard of no inquiries ever made by tax authorities into this point.

[4 Aug 92 p 3]

[By Hong Chan-son: "Terms of Transaction Replete with Traps"]

[Text] "'A' Enterprise ticket, one; fifteen and a half; five-mo take-off. That's the terms of this tama."

Some one was talking in a three-pyong office located in a corner of the fifth floor of K Building in the Myongdong curb loan dealers alley, at 11:40 a.m. on 24 July. It was Kim Yong-tae (fictitious name), 34, a fresh-man private loan broker, whispering into the phone.

Black market terms are invariably difficult to understand. Terms used in private loan transactions are no exception. They are full of jargons. "Ticket" means bill; "fifteen and a half" means the interest rate is 1.55% per month. By "five-mo take-off," the means that 0.05% would be taken off as the fee. "Tama" means lender.

So, in the plain language, what Kim said on the phone that day was: "We will discount a W100 million bill issued by Enterprise 'A' at a monthly rate of 1.55% and take 0.05% of the W100 million or W150,000 as the fee (at the 3-month basic rate)."

Terms of private loan transaction are at least as complicated and intricate as the jargons used. First of all, bills are not endorsed. At best, what appears to be random numbers and symbols are jotted down at a corner of the bill, e.g., "401 503 Kim A." Therefore, if the bill changes hands three times, it is simply impossible to trace back the transactions. In other words, the money is "laundered" that much thoroughly.

This mechanism of private loan transactions led to a two-tier interest-rate structure, namely the "broker market rate" and "lender market rate." The broker rate is the lender rate plus the fee ("mo take-out"). Bills discounted in the private loan market usually change hands four or five times among brokers. In case a bill changes hands four times at a 0.05% fee rate, the fee alone will be 0.2 percentage points per month. This inevitably leads to a burden that is much heavier on the borrower (enterprise).

Private loans are literally usury. The interest rates are extremely high. Currently, as the fund position at commercial banks has improved, the rates for bills issued by enterprises of the best standing (A-class) are at least 1.55% per month and normally at a 2% level. As for enterprises less credit-worthy, even slightly, they cannot obtain loans even at 3% per month. The monthly 2% rate translates into an annual 24%, which is as much as twice the public interest rates. Interest rates are normally "per annum." The fact that "per month" rates are used in the private market shows an effort to cover up the "usury" part by hook or by crook. A monthly rate, needless to say, comes lower than an annual rate.

Things are still relatively better with bill discount cases. In case where a person seeks a private loan on real estate, he should be careful because he is running the risk of losing the property.

Yi Kyu-yong (fictitious name), 47, a toy subcontractor in the Tongdaemun market, is one of those caught in that trap. Early this year, he caused a traffic accident and reached a W50 million settlement with the victim. He had a week to raise that money. He asked all his relatives for help, coming off barely with W20 million. So, he

visited Room 302 in D Building in front of Cheil Department Store in Myongdong.

Led by an advertisement card, about the size of a regular name card, indicating "We lend money for urgent use"—which he was handed in front of a subway station—Yi met Choe Kyu-min (fictitious name), 54, a broker, and prepared documents needed for the loan. Then he took certificates of his seal impression—for the settlement of mortgage and for the loan, two copies each—and the real estate title deed, its register copy and as his seal to the broker. Five days later he received W30 million in loans.

Yi did not mind the commission he had to prepay, which was 5% of the money or W1.5 million. The interest rate was only 11.5% per annum. Including the commission, it was still only 16.7%. He had never known that he could obtain a quick loan at that rate.

Yi's misfortune began then and there. One day before the deadline, he returned to D Building's Room 302 with W30 million to repay the loan. He found the room closed. He could not find Choe, nor the broker. Three days later, a middle-aged man showed up and informed him that he had bought his house. O my! he cried out, but too late. It was a case of spilt milk. He could not imagine that a protocol of compromise was drawn with the certificate of his seal impression which Yi personally took out and brought to the broker.

In cases of credit-card loans, brokers would go even a step further. In many cases, they directly set up ghost card memberships. It is for the purpose of issuing sales checks for card loans. Inasmuch as false sales checks are issued, it is inevitable that this type of loan involves illegal acts at the source level. That does not make the interest rates that much lower either. For a W1 million loan, 18% of it is taken off as a prepaid interest and the borrower receives W820,000. On an annual basis, it comes to 21.95%. Also, the borrower is required to pay an annual 15% fee in installment.

All in all, the card-loan interest rates come to as high as 36.95% per annum. The for-salaried-workers credit loan is another woe for general public. At a glance, it appears to have a great merit for salaried workers in need of quick money. For less than W20 million, the loan can be obtained within two or three days. But the interest paid by the borrower is extremely high. With the commission (8%) added to the annual 14% rate, it comes close to 23% per annum. Furthermore, since the credit loan is premised on the borrower's membership in a credit insurance program, he has to pay the premium (1.1%), too.

As far as the lender is concerned, the interest he collects goes as high as 23% a year. Yet, there is no risk of bad loans.

Money lending is not the only thing that private loan brokers do. They spare no efforts to find new funding sources, namely to expand the network of "partners." One may see it in such newspaper ad as "Fixed collateral, therefore no risk of bad loan. A monthly 2.5%-3% rate guaranteed."

The problem is that private loan dealers also pay high interest rates for credits they take. If newspaper ads are true, W100 million placed by a partner with a broker will yield W30 million to W36 million a year in interests alone.

Furthermore, the partner does not have to pay the 21.5% tax on the interest income. Even with ordinary people, once they take to such lending, they would soon find themselves addicted to it. Consequently, under the mechanism of the private loan market, it is just inevitable that "small lenders" proliferate.

People know that once they use the private loan market, they cannot extricate themselves from it until they are ruined. Nevertheless, reality is that they hang on to it to meet pressing demand for quick money. Also, while knowing that it is not an honorable thing to do, small lenders in general are dragged on by the temptation of high interest rates. These are the factors that keep the telephones ringing in the offices of private loan brokers.

[5 Aug 92 p 3]

[By Ha Yong-chun: "No Credit, No Lending"]

[Text] One day in early May this year, in the conference room of C Industry, a small or medium-size apparel maker, an emergency meeting was in progress presided over by the company president. It was a huddle to discuss how to hold back a W500 million bill that is coming to maturity the next day. The company's main bank and short-term investment loan firms had already decided "against loaning" to the company. The last resort was a loan from the private market. Eventually, Mr B, head of the fund division, took it upon himself to find one. But he reported back that evening, "I am sorry I have failed." Although Mr B had experience in small-amount bill discounts a few times in the past, it was simply beyond his ability to come up with a fund as huge as W500 million in a day.

Especially, the history of the company's president who had already ruined his firm a couple of times in the past was well known to private loan brokers. It is often said that it is the stock market that is most sensitive to business activity. Whenever a plausible rumor circulates, the stock market jolts. Invariably, the private loan market is the epicenter. For the private loan brokers, who do their transactions with enterprises in cash, it is important to know about enterprises they deal with as precisely as possible. To that end, they must be totally familiar with the enterprise's fund position. Herein lies the reason why the private loan market is called the "feeler" for business information, because it responds with the greatest speed and sensitivity.

The private loan market's "regular customers" are those enterprises that urgently need money—the sad enterprises shunned by banks and other institutional organizations. Specifically, its major customers include enterprises with no collateral, service industries and other non-manufacturing businesses, and firms in declining industries listed among the targets of the government's industrial structural readjustment program such as C Industry.

This does not mean that they can obtain a private loan whenever they want, however; they must first "pass" a strict credit evaluation test. The point is that they are required to provide the safety valve by using banks and other similar institutions as an intermediary. The process of credit evaluation is roughly like this:

First, the enterprise looking for a loan is introduced to a private loan broker by another enterprise in the same line of business or by a banking institution. Sometimes they get introduced through school connections. The first transaction, generally, begins with a "discount" of a bill received from a big business as a payment for goods delivered. Then, as the credit increases, the enterprise comes to utilize banking institutions as intermediaries.

Needless to say, the credit evaluation in this case is made by the private loan broker. When the rating reaches a satisfactory level, the enterprise and the broker even develop a relationship in which a lending for just one day or two can be arranged. Even in the midst of this process, should the enterprise request an extension on a bill or should it fail to keep its current account in order, the credit points that have been built "end up in smoke."

Brokers even have lists showing the current status of bills issued by enterprises they deal with. Furthermore, they even know how many check books they ordered to and received from their banks. From the beginning they would ignore published business information such as financial statements; they know everything concerning management of companies they deal with—e.g.,how their goods are selling, whether they are paying their employees adequately, if there have been any change in the employer's lifestyle. Mr B of C Industry was astounded at the fact that private loan brokers so well informed. "It is correct to say that they know about our company better than I, the head of its fund division, do."

Brokers are also eager for exchange of information. "Fellow brokers" get together whenever they can to share views. They recently began publishing WEEKLY BUSINESS INFORMATION, a collection of information on client enterprises (usually one to 10 enterprises per broker), for use by "fellow brokers." In substance, it is more detailed and in-depth than data compiled by securities companies or short-term investment loan firms.

The land fraud case involving the Defense Intelligence Command occurred in early July but, in the private loan market, rumors circulating toward the end of last year already had it that "Cheil Life Insurance Co. was swindled." It was for that reason that bills issued by Cheil Life Insurance were not honored by brokers for sometime early this year.

Most important information comes from lenders, however. High-level information gathered by lenders by using their mighty resources and huge cash power provide brokers with important data for judgement.

It was when Non-No Inc. failed to pay a bill that prospects of bad loans plunged into an uproar the branches of 23 foreign banks in Korea whose credit loans to the firm totaled W102.5 billion.

But the private loan market, which had lent Non-No more than that, was so calm that it even appeared strange. In fact, it already had completed its work to collect the loans three months prior to Non-Non's failure.

Yu Son-yong (fictitious name), 39, a broker in Myong-dong, says that it was solely the result of information he had that he could collect his loan. "After arranging my loan to Non-No, I heard the story from the lender that Mr P, a politician, had asked a certain bank to grant Non-No a loan. It was then that the collecting work began," he says.

Thus suggesting that the private loan market gets its quality information from lenders, Yu boasts: "Credit ratings by evaluation firms and business credit reports issued by the Korea Credit Guarantee Fund are not as effective as rumors circulating in the private loan market." What he means is that the private loan market has that much more information as the safety valve for money dealers.

Enterprises can draw unlimited support from brokers once they are rated by them as promising. In the early 1980's when the Middle East and domestic construction boom was at its peak, virtually all contractors frequented the private loan market. Since acquiring good pieces of land was the short cut to success, they often found themselves in a situation where they urgently needed vast amounts of money for immediate use.

Brokers supported them—the "geese" laying gold eggs—with unlimited funds. It was not without reason that such companies as Namkwang Engineering & Construction and Chinhung International became famous for their use of private loans and credits in that field.

It is big businesses that are most welcomed. Loans to them are virtually risk-free. That is why negotiable bills issued by them are popular in the market.

The private loan market is generally said to be for fund-short, marginal entrepreneurs to utilize. It is not true at all, however. Entrepreneurs urgently needing money are usually turned away at the door. Only the enterprises that have passed the "most up-to-date credit evaluation" by brokers are granted loans. The evaluation is based on their ability to repay. Seen in this light, it can

be said that the private loan market is also contributing to the-rich-getting-richer and the-poor-getting-poorer trends in the business fund sphere.

[6 Aug 92 p 3]

[By Hong Chan-son: "Factors Making It Thrive"]

[Text] Where there is demand, there is supply. It is also said that supply creates demand. In the case of the private loan market, both come true.

That the demand for fund is chronically in a state of excess is the biggest factor propping up the private loan market. Furthermore, domestic financial resources available are limited, therefore, if money flows into the private loan market, it inevitably pushes up the demand.

After all, it can be safely said that the chronic excess state of the demand for money in our economy is spawning and developing the private loan market. To make it worse, the economy is even failing to fairly distribute the existing funds. Especially, to small and medium-size enterprises. While bills are in general use in commercial transactions, small and medium-size subcontractors can hardly afford to wait for the date of maturity on them. The government is indeed pushing for a program to expand genuine bill discounts but banks maintain their thresholds as high as ever. Some small and medium-size enterprises are too hard pressed to choose between "expensive money" and "inexpensive money." Most urgent for them is to avert the threat of nonpayment. For that reason, they rush to the private loan market.

It is not just those enterprises in urgent need of money that seek the help of the private loan market. The haves who own lots of money also need it. To the haves, nothing is more attractive than the private loan market. First of all, it does not question the "source and nature" of the money. At the same time, it bring them high interests at a monthly 2% or so. Also, through good "laundering" of their money, it even gives them chances of making their debut in the economic world openly. Furthermore, there is no such thing as an interest income tax, and virtually no worry about an inheritance tax. Through unregistered cash deals, they can transfer their wealth to their children intact. The private loan market is keenly needed by both sides, demand and supply.

Public financial institutions are also a factor propping up the private loan market. The common view shared by banking circles is that the private loan market cannot exist without involvement of financial institutions.

Stating the conclusion first, it is because there are links connecting the private loan market and financial institutions. The links are clearly seen in the "fund creating" process in which the private-loan lender deposits his money in a banking institution on condition that it is used to facilitate a loan to a specified enterprise. For instance, the fund creating process begins when the lender opens an annual 10% time-deposit bank account. The bank, using it as a revenue source, extends a loan of the same amount to the specified enterprise at an annual 12.5%. If the market rate at the time is 17%, it is not too unfair for the enterprise to pay the lender 2.5%-7% (difference between the market rate and the bank loan rate or between the market rate and the bank deposit rate) [as printed].

The creation of funds for private loans continues as long as there is a difference between the contracted interest rate and the market rate.

The fund creating process thus brings profits to the parties involved. It is a characteristic of this process. The bank can improve its deposit-lending coefficient and, at the same time, increase its business profits by the interest margin at least. By using the bank as the safety valve, the lender can safeguard his money. From the borrower enterprise, he, needless to say, collects at least the off-the-book money equivalent to the difference between the market and contracted rates. It is a double advantage. The role played by public financial institutions, such as the Citizens National Bank, in the land fraud case involving the Defense Intelligence Command has, in the final analysis, its root cause in this kind of "fund creation."

How funds are created does not show outwardly. In many cases, credit associations conceal it through off-the-book transactions. Off-the-book transactions mean double book-keeping. Besides the nominal book available for official inspection and auditing, there is another book that is kept secret except for people involved in the transactions. That is why they are called off-the-book transactions. The financial scandal involving the Changil Credit Association (the present Hanshin), which occurred in February 1988, was another case triggered by off-the-book transactions in private loans. At the time, the association had guaranteed depositors (lenders) the legal interest (an annual 12.5%), plus a monthly 1.5%-1.7% as an extra money.

Sources of speculative, unearned incomes scattered in every corner of our economy also contribute to the "vitality" of the private loan market. Stacks of money in the hands of new riches who made them riding on the real estate or stock boom, or the "blind money" received as bribes or gained through concession hunting... they are, in fact, the kind of money the source of which cannot be revealed. It is rather natural that the black money likes the dark place (private loan market).

A recent announcement of the National Tax Administration clearly indicates how widespread such unearned incomes are in our economy.

From April 1989 through June this year, more than 14,000 people, including those living high and real estate speculators, were ordered to pay a total of W1.3 trillion in penalty taxes. The announcement showed that people living on unearned incomes are that many in number.

It should be noted here that unearned incomes are, in part, associated with confidentiality and monopoly of

information. In other words, information about planned sales of military-base land by the government, lifting of the green-belt designation from a certain zone, and creation of industrial complexes—which are yet to be unclassified—would be leaked surreptiously, giving specific people chances of making big money. The money thus made would more often than not find its way into the private loan market.

There are many other things that support the private loan market. As long as the use of fictitious or borrowed names is openly permitted in financial transactions, it is inevitable that the private loan market holds sway over the national economy. The failure to make the use of real names mandatory is obviously adding fuel to the private loan market.

The government's rigid way of monetary management is another factor adding to the vitality of the private loan market. When it officially sets the projected gain in the currency in circulation at 18.5%, it sticks to it by hook or by crook regardless of the fund position at commercial banks, causing the "Black April" and "September crisis" in spring and fall every year when the demand for fund peaks, and eventually driving enterprises to the private loan market. It rarely eases control, and even when it appears to be somewhat flexible, it would often tighten the line of credit abruptly the next moment. This situation inevitably leaves businesses facing unforeseen funding woes and, as a result, peeking into the private loan market at all times. That is the reality today.

Some scholars attribute the existence of the private loan market to extra-economic factors. In this connection, Kim Ik-ki, sociology professor at Tongguk University, cites evil practices in our society, including practices involving political funds extorted from businesses, commissions customarily attached to financial transactions, rebates shared by dealers, concession hunting for off-the-book money, and the lowly, money-mad notion among people. The private loan market is a condensation of all such factors, is it not? he asks.

In short, it seems to be safe to say that besides the structural imbalance of our money market, all kinds of social ills come into one in the private loan market to keep it going, and that that is what the private market is all about.

[8 Aug 92 p 3]

[By Song Chae-cho: "This Is Not the Way It Should Be"]

[Text] "Private loans are like a cancer," says Mr L, director in charge of the fund division in the D Group, a leading business group in our country.

The comparison is based on the fact that private loans are characteristic of high interests. As the borrower gets more money from another lender to pay the high interests, the interest multiplies and the debts snowball. Once an enterprise uses the private loan market it is a danger signal likely to send it on a road to bankruptcy.

The same applies to individuals. The private loan therefore is compared to a cancerous cell. In other words, like a cancerous cell, it would show no ill effect outwardly in the initial stage but it keeps proliferating to every part of the body.

It is a well known fact that most of the enterprises failing to pay bills usually have a connection with private loan markets.

That was the case with Non-No Inc. for instance, which failed to pay a bill earlier this year. Private loan brokers reportedly lost more than W5 billion but, according to more reliable reports, they had taken more than that from Non-No by then.

The average interest rate for private loans to Non-No was 2.8% per month, which comes to as high as an annual 33.6%. With the advance payment of interest added to it, it reaches way over a whopping 35% per annum. In the final analysis, therein lies the root cause of Non-No's fall.

Besides the sin of high interests, private loans are harmful in many other ways.

Private loans produce high interest incomes and yet the lenders pay not a single cent in tax. As both the lender and the borrower remain invisible, there is no way of taxing them in the first place. In other words, it is a lawless land where a commonly accepted maxim such as "where there is an income, there is a tax" does not hold water. In a way, the tax evasion is the market's social evil worse than the high interests. It harms the moral tone of society, with people getting attracted by the "black money." The private loan market exerts that much baneful influence upon the whole society, it can be said.

Adverse socio-economic functions of the private loan market do not end there. Various rumors originating in and around the private loan market are often unbearable for businesses involved.

Dealers are "proud of a-hundred-percent-accurate information" they have. But it is an everyday affair that even that information proves to be an unfounded, malicious rumor.

A typical case occurred in early May this year. The S Group, a leading business group, was harassed by unfounded rumors of alleged financial difficulty involving the group. Needless to say, the private market was the source.

The head of the group personally took the lead in trying to put them out but rumors kept circulating one after another. Upon hearing the rumors, short-term investment loan firms and other public financial institutions promptly passed the bills they had to next hands. Although financial authorities finally moved to term the rumors unfounded and requested cooperation of short-term investment loan firms to avert the worsening of the situation, the incident was near fatal to the S Group.

Harms to individuals are even more serious. New-type private loans such as credit-card loans and property-secured lending are considered trouble-making not only for their high interests but in fairness as well.

They get around the law and prey on people who urgently need money.

After all, the private loan market itself is disturbing financial order and giving rise to grave socio-economic problems. Thus, one may say that it is a hotbed of illegal activities that should be stamped out. Also, for both businesses and individuals, it is the best policy not to put their nose in the private market in the first place.

Nevertheless, the private loan market is not about to vanish. Rather, it is flourishing, for a number of reasons.

One of the reasons is that it is where businesses that have good prospects but are temporarily experiencing financial difficulties can find the kind of money they need, which they need regardless of the interest rates.

The case of K Company, a middle-class auto parts maker, was just that, although a rare case. Ku Hyon-so (fictitious name), 42, head of the fund division, recalls: "I met a private loan broker through a friend of the high school days in July last year. At the time, I was absorbed in finding money to meet bills that were coming to maturity in three to five days, amid the increasingly severe tight-money climate since the spring that year. Short-term investment firms and credit associations, as well as banks, had closed their doors to us.

"We could bail out our company with a W1 billion private loan, although the interest rate on it was a whopping 2.5% per month."

The point is that the private loan market did what banks and other financial institutions failed to do for that company.

The reason that the private loan market that should be gone is instead flourishing is that there is demand for it. Where there is demand, there is supply—and a market. It is a fundamental property of the market economy. Still, the private loan market is by no means a desirable existence.

The private loan market cannot be done away with artificially, however. It is destined to disappear by itself as socio-economic ills heal. To that end, the first thing to be done is to uproot the causes of the chronic fund shortage. It is necessary for the economy to recover its health and for the savings to increase in order to pave the way for banks and other financial institutions to take over what the private market has been doing.

More important is to see that real estate and other speculators have fewer chances of getting rich quick and to promote social recovery so as to eliminate sources of unearned income.

The private loan market is bound to fade away as a healthy social climate sets in.

Ha Son-cho (fictitious name), 51, a private loan broker, says: "Why should we face all these accusations? The private loan market is the third financial sphere. The second financial sphere is what complements the role and functions of banks, is it not? The private market is the third financial sphere fulfilling the function that the first and second spheres are unable to fulfill. I hear that advanced countries like the United States also have their underground markets. Just do not call us 'obja' [broker] or 'kkun' [doer], please. We are doing our part as respectable financiers."

There seems to be no logical way of refuting his protest convincingly.

Small Industries To Get 'Large Amount' of Aid

SK3009072692 Seoul THE KOREA TIMES in English 30 Sep 92 p 8

[Text] Small- and medium-size businesses will be provided with a large amount of financial aid from the government next year.

The government allocated about 1.05 trillion won for the small- and medium-size industrial sector in the 1993 draft budget unveiled last week.

This represents a whopping 42.6 percent upsurge over this year's 741.2 billion won, officials at the Economic Planning Board said. The growth rate is in sharp contrast with the 14.6 percent rise for the 1993 total budget.

The remarkable growth in spending for small- and medium-size companies is due to their slumping business triggered by credit crunches and stunted exports.

But some analysts say political considerations may have played a key role in raising the 1993 budget for the small-and medium-size industrial sector by a big margin.

The small- and medium-size industrial sector, which had been offered less assistance than big conglomerates in the process of Korea's past rapid industrialization, has been vocal in clamoring for the government's expanded assistance in an election year.

Political party leaders have recently been in a hurry to meet with representatives from the small- and medium-size industrial sector in their apparent bid to woo votes. The presidential election is scheduled to be held in mid-December.

The government's policy focus for small- and medium-size companies is concentrated on helping them accelerate their industrial restructuring in the face of intensifying international competition.

The government is also seeking to alleviate their financial crunches, which have been deepening amid the government's retrenchment policies.

The government's draft budget envisages allocating 240 billion won for their industrial restructuring, up 50 percent from this year's 160 billion won. With the sharp increase, the fund for industrial restructuring will top the 1 trillion won mark by the end of next year if all goes as initially scheduled.

The fund is designed to finance small- and medium-size businesses' factory automation and technology development. About 1,800 firms will benefit by a total of 330 billion won next year from the fund.

The 1993 budget also provides 290 billion won to be invested for localization programs in a bid to strengthen industrial competitiveness.

Bank of Korea To Maintain Tight Monetary Policy

SK2909091692 Seoul THE KOREA TIMES in English 29 Sep 92 p 10

[Text] U.S. Federal Reserve Chairman Alan Greenspan told Bank of Korea Governor Cho Sun that Korea should push its financial market liberalization program, Cho said yesterday.

Cho, who returned home last Saturday after participating in the 47th IMF (International Monetary Fund)-IBRD (International Bank for Reconstruction and Development) meetings in Washington, told reporters that when he met Greenspan last week, the U.S. Federal Reserve chairman called on Korea to open the financial market further.

According to Cho, Greenspan told him Korea should not delay its plan to further open its financial market in fear of the possible side-effects.

Greenspan said the U.S. pushed for financial market liberalization in the 1980s despite various economic problems, calling for similar actions by Korea.

Cho quoted Greenspan as saying that "the liberalization in the banking sector expanded banks' loans and it led to real estate speculation in the 1980s. As a result, the financial market liberalization was a major reason for the U.S. bubble economy. And the U.S. is now suffering from the bubble-bursting."

However, Greenspan told Cho that "those negative effects arising from the market liberalization are inevitable. Thus, Korea should not be scared of the probable economic instability and should implement its market liberalization program to cope with the ongoing trend of internationalization worldwide."

Meantime, Cho reiterated his stance to fight inflation through a tight monetary policy, citing world leading financiers' remarks in the international financial meetings.

Cho said "world financiers have agreed that all nations need to fight inflation through proper monetary policies in order to realize stable growth."

Stressing that careless budget policies of countries cause economic problems worldwide, he said Korea also needs to set a "conservative" budget policy.

He also said that an eased monetary policy will not bring about more jobs and might create employment problems.

Burma

Authorities Release More Detainees

21 Released 30 Sep

BK3009140492 Rangoon Burma Television Network in Burmese 1330 GMT 30 Sep 92

[Text] It has been learned that 21 male detainees, against whom action was taken under existing laws and who were serving their sentences, have been released today from Mandalay, Pakokku, and Tharawaddy jails after their remaining sentences were commuted in accordance with Declaration No. 11/92 of the State Law and Order Restoration Council.

18 Released 1 Oct

BK0110142792 Rangoon Burma Television Network in Burmese 1330 GMT 1 Oct 92

[Text] It has been learned that 18 male detainees, against whom action was taken under existing laws and who were serving their sentences, have been released today from Henzada, Mergui, Toungoo, Thayet, and Tavoy jails after their remaining sentences were commuted in accordance with Declaration No. 11/92 of the State Law and Order Restoration Council.

Border Areas Opened for Tourists

BK0110023892 Rangoon Radio Burma in Burmese 0130 GMT 1 Oct 92

[Text] Burma is conducting economic, social, and cultural ties with neighboring countries. Tourists from the country on the other side [Thailand] will be allowed a two-day visit in Keng Tung and Tachilek from 1 October in accordance with the instruction of a state leader to develop tourism in these areas under the border region development scheme for this coming open season.

The visitors will be allowed to visit up to Keng Tung from Tachilek. Shops and hotels will be opened in Keng Tung and Tachilek for the visitors. The Myanmar [Burma] Gems Enterprise will also operate a gem shop in Tachilek from 1 October.

The Hotel and Tourism Enterprise is currently building modern hotels in Keng Tung and Tachilek and making arrangements to provide accommodation and transportation for tourists.

Brunei, Malaysia & Singapore

Malaysia

Government Considers Buying CIS MiG-29s

BK0210052192 Kuala Lumpur NEW STRAITS TIMES in English 30 Sep 92 p 9

[Text] Kuala Lumpur, Tues—The Government will make a decision soon on the Commonwealth of Independent States' [CIS] MiG-29 jet fighter based on a recent report by the Royal Malaysian Air Force [RMAF].

Defence Minister Datuk Sri Mohamed Najib Tun Abdul Razak said a special allocation would be needed if approval was given for the purchase.

The ministry's allocation for new aircraft had been put aside for the 20 British Aerospace Hawks costing $1.2 billion scheduled to be delivered beginning 1994.

Najib spoke to newsmen after addressing 30 military officers on the national defence policy at the Armed Forces Defence College here yesterday.

He did not want to elaborate on the report but said the RMAF had submitted all the details on the MiG-29.

The report was prepared by a committee under deputy RMAF chief Major-General Datuk Abdul Ghani Aziz.

Two MiG-29s from the CIS arrived at the Kuantan RMAF base on April 15 and was subjected to 10 days of inspections by the evaluation team.

Earlier press reports had said Malaysia was likely to buy up to 40 MiG-29s to replace or complement its aging F-5E Tigers.

Among the other aircraft considered were the French Mirage 2000, the American McDonnell Douglas F/A18A, and the General Dynamics F- 16.

Najib said the RMAF report also took into consideration other aircraft like the F-16. However, General Dynamics had yet to make a formal bid to supply the F16s to the RMAF.

He said it was too early to speculate how many jet fighters the Government would buy if it approved the MiG-29.

On the offer by India which is also an MiG-29 operator to provide its training, maintenance and engine overhaul capabilities he added, it would depend on the Government's decision on the MiG-29.

He said the decision to buy the aircraft and the offer by India were two different issues.

On why Malaysia had to buy jet fighters like the MiG-29 when the RMAF was due to receive the Hawks, Najib said the MiG-29 or similar types of aircraft were air-superiority fighters for an air defence role.

However, the Hawks would be optimised as ground support aircraft as well for training pilots to fly air superiority fighters.

On the sonic boom caused by a Royal Australian Air Force (RAAF) F/A-18 Hornet over the Klang Valley last Monday, Najib said it was up to the RAAF to take action against the pilot for exceeding the speed limit.

Mahathir, UK's Major Discuss Landing Rights

BK0110110692 Kuala Lumpur BERNAMA in English 0919 GMT 1 Oct 92

[Text] London, Oct 1 (OANA-BERNAMA)—Additional flights for Malaysia Airlines (MAS) and landing rights before proceeding to Mexico and the United States were among the topics discussed by Prime Minister Dr. Mahathir Mohamed and his British counterpart John Major in their meeting at Downing Street here Wednesday.

Dr. Mahathir told a press conference before leaving for home that the landing rights were being discussed further by MAS and British Airways as such matters were normally discussed by the airlines.

However, sometimes the airlines' interests were not in line with the nation's and discussions had to be done between the governments, he said.

The press conference ended the prime minister's visit here which started with his giving a keynote address at an investment seminar at the Hilton here on Sept 21.

After that, Dr. Mahathir and his wife, Dr. Siti Hasmah Mohamed Ali made an official visit to Ireland.

Dr. Mahathir also said the University of London and other foundations of higher learning were liaising with Malaysian parties on the possibility of opening branches in Malaysia.

He said that among the matters discussed were the differences in the education systems and language of communication and shortage of teaching staff in Malaysia.

"There are suggestions that they bring their own lecturers," he added.

Ghafar Departs on Eastern European Tour

BK0110024692 Kuala Lumpur BERNAMA in English 0322 GMT 1 Oct 92

[Text] Kuala Lumpur, Oct 1 (OANA-BERNAMA)—Deputy Prime Minister Ghafar Baba left Wednesday night for a 10-day official visit to Romania, Hungary and Poland.

Ghafar who is leading a delegation of 50 senior government officials and prominent businessmen, would be in Romania from October 1 to 4, Hungary from October 4 to 7 and Poland from October 7 to 10.

His visit, the first to these three East European countries, is at the invitation of the three governments.

While in Romania, Ghafar will call on President Ion Iliescu, Prime Minister Theodor Stolojan, Foreign Minister Adrian Nastase and several other cabinet ministers, besides visiting some leading factories.

He will call also call on Hungarian President Arpad Goncz, Minister of Finance Mihaly Kupa and the minister of external economic relations, Bela Kadar.

The business delegation, on the other hand, will attend briefings by the Hungarian chamber of commerce, small entrepreneurs association, bankers' association and visit prominent Hungarian enterprises.

In Poland, the deputy prime minister would call on President Lech Walesa, Prime Minister (Ms.) Hana Suchocka and Deputy Prime Minister Henryk Goryszewski, while the business delegation would have separate programmes.

Singapore

Foreign Minister Addresses UN General Assembly

BK0210041792 Singapore THE STRAITS TIMES in English 1 Oct 92 p 6

[Text] Singapore Foreign Minister Wong Kan Seng has said that the United Nations must define its mission clearly to deal with the problems that have arisen in the post-Cold War era.

Tke Cold War effectively froze or suppressed many tribal, religious ethnic and cultural divisions, he said at the 47th UN General Assembly in New York on Tuesday.

The thawing of the Cold War had led to their reemergence, he said.

Mr. Wong cited as examples the conflicts in Yugoslavia, Somalia and the former Soviet republics.

He said UN-members needed to be clear about what was happening because "this will in turn define the mission that we will entrust to the UN".

He asked "When a conflict breaks out within a state, should the mission of the UN be to resolve the conflict and peacefully reunite the factions (as in Angola and El Salvador) or should the mission of the UN be to facilitate a peaceful division of the country (as in Yugoslavia)?

Referring to UN Secretary-General Butrus-Ghali's report on the world body's peacekeeping role, he noted that it had refrained from trying to apportion blame or investigate the causes of the recent conflicts.

"This should be the job of member states," he said.

"We need to be clear in our minds whether the explosion of new states in recent years is a natural and welcome development, something akin to what we saw in the era of decolonisation, or whether it is a reflection of a state of disorder in the structures of human society that we have created in the 2Oth century.

"Or is it the case, as the Agenda For Peace suggests, that the 'deepest causes of conflict' are: 'economic despair,

social injustice and political oppression"?" Mr. Wong said these were not theoretical questions but practical ones that UN peacekeepers confronted on a day-to-day basis in the former Yugoslavia and in Somalia.

He stressed that he welcomed the states which joined the UN this year, but he added that if more new states were to join the world body, they should emerge peacefully and not through war and conflict.

Cambodia

Sihanouk Undergoes Throat Surgery in Beijing

BK0110123692 Hong Kong AFP in English 1227 GMT 1 Oct 92

[Text] Phnom Penh, Oct 1 (AFP)—Prince Norodom Sihanouk underwent surgery in Beijing on Thursday and must cancel his visits to Paris and New York, diplomatic sources here said.

The Cambodian leader was suffering from a throat condition called parotitis, and had scheduled the operation in advance, the sources said.

He had planned three days for his recovery, but due to an apparent complication involving the glands in his throat, he must stay in the hospital for up to three weeks, the sources said.

The news came by cable to Phnom Penh late Thursday.

Parotitis is inflammation of the parot gland, which produces saliva. It is located in front of and below the ear.

Chea Sim Welcomes Japanese Peacekeepers

BK0110073092 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 1 Oct 92

[Text] His Excellency [H.E.] Chea Sim—chairman of the Cambodian People's Party [CPP] Central Committee, National Assembly, and National Council of the Kampuchean United Front for National Construction and Defense—cordially received in audience Yukio Imagawa, Japanese ambassador to Cambodia, at the CPP office on the afternoon of 28 September. Several CPP officials were also present.

H.E. Chea Sim briefed his guest on some events concerning the implementation of the peace agreement in Cambodia, saying despite a number of difficulties and obstacles created by the Khmer Rouge faction, the process of restoring an absolute peace in Cambodia was in constant progress. The chairman also expressed warm welcome to the arrival of the Japanese peacekeeping troops in Cambodia and deepest thanks to the Japanese Government and people for their aid to Cambodia, especially the Japanese Government's generous assistance in rebuilding the Chroy Changwa bridge for the Cambodian people.

Yukio Imagawa, in his reply, reaffirmed the Japanese Government's readiness to further help rebuild and rehabilitate Cambodia, chiefly in the construction of roads, restoration of electricity and drinking water networks and drainage systems in Phnom Penh, and agriculture development around the capital city.

Illegal Guns Must Be Registered, Given Up

BK0210115492 Hong Kong AFP in English 0900 GMT 2 Oct 92

[By Sheri Prasso]

[Text] Kompong Cham, Cambodia, Oct 2 (AFP)—Former Cambodian soldiers, idle but still armed after the civil war, must register and hang up their weapons this month as the country tries to escape from the grip of banditry, UN and government officials here said.

The precarious state of the Cambodian peace process—in which soldiers facing the intransigence of the radical Khmer Rouge faction can neither fight nor surrender—has left the country in the hands of bored, idle, and hungry soldiers whose meager pay prompts them to earn a living with their weapons.

"The banditry or lawlessness is a very troubling concern here," said Colonel S.K. Tiwari, the commander of the Indian battalion of UN peacekeepers assigned to this province, the richest and most populous in Cambodia.

Soldiers demanding money of travellers on Cambodia's main highways is a common occurrence all over the country, although such incidents appear to be on the decrease as UN peacekeepers step up patrols.

A Phnom Penh police report for the first week of September in the capital Phnom Penh showed that six of 12 armed robberies were committed by men wearing military uniforms.

Some 2,000 people are estimated to carry illegal weapons in Phnom Penh alone, a National Security Ministry official said.

Kompong Cham, an eastern province along the border with Vietnam, has produced many of the Phnom Penh government's top leaders. It is here that the government hopes to make an example of ensuring that all weapons are registered and in the right hands.

All guns are to be registered and left in the army barracks, and anyone carrying an illegal weapon could be imprisoned for up to three years, the UN and government officials said.

Registration is beginning now and is to be completed by October 15, said provincial governor Hun Neng, the elder brother of Prime Minister Hun Sen, who made a visit to the province Friday.

"We need a collecting of weapons, because if we do not collect them all, there will be problems with bandits," the governor said in an interview Wednesday.

"Even the handicapped and amputee soldiers are still carrying guns or grenades," he said.

Crime statistics were not immediately available for Kompong Cham city, but an incident late Tuesday night at the Mekong Hotel dancing club, where Vietnamese prostitutes mingle with Cambodian soldiers and UN personnel, was a case in point.

A drunken soldier brandishing an AK-47 in one hand and a grenade in the other swaggered into the disco looking to kill the owner, who patrons said had roughed him up earlier in the evening.

Cambodian police were able to disarm him in the parking lot.

"Some incidents like this happen from time to time," said UN civilian police acting head Colonel Ashraf Kamal of Egypt. "The kind of crime that is increasing here is murder, killings," he said.

Two bodies were found shot dead recently in one of the province's many rubber plantations, the victims of bandits or perhaps bandits themselves, he said.

Cambodian army lieutenant Sar Khien Sambath, 22, walking through the city's central market without his gun, said his commander did not allow him to take it out of the barracks.

"They don't trust the soldiers now. I think that is correct," he said.

UN peacekeepers will help the Cambodian authorities check any authorized personnel for weapons and monitor any weapons they confiscate, Tiwari said.

Philippines

Ramos Approves 'New Relationship' With U.S.

HK0210104092 Hong Kong AFP in English 1004 GMT 2 Oct 92

[Text] Manila, Oct 2 (AFP)—President Fidel Ramos on Friday endorsed a plan for a new relationship between the Philippines and the United States, including a "new treaty of friendship and cooperation," and "a new security collaboration."

Meanwhile, Philippine Defense Secretary Renato de Villa assured that the withdrawal of U.S. forces from most of Subic Naval Base will not leave the Philippines unprotected even though the country's own military forces have little external defense capability.

Presidential spokeswoman Annabelle Abaya said Ramos approved the plan, forged by six cabinet members for a "new partnership between the Philippines and the United States."

The new relationship is intended to replace the old, predominantly military ties with Washington which came to an end with the closing of Subic Naval Base.

There would be more focus on trade rather than aid, a heightened effort to attract trade and investment from the United States and Manila would conclude "a new treaty of friendship and coooperation and setting the stage for a non-security collaboration."

It also includes the forging of a "new post-bases, post-cold war security collaboration," and a call for a "re-examination of the mutual defense treaty," between Washington and Manila, Abaya said without elaborating.

The program also called on Ramos to tackle such issues as a possible extradition treaty with Washington, measures to remove the country from a U.S. watch list of unfair traders and benefits for Filipinos who fought with U.S. forces in World War II.

Meanwhile, De Villa said that despite the U.S. withdrawal, Washington's commitment to maintain a military presence in the Pacific "continues to provide cover and a sense of security to the entire region."

He admitted that with the departure of the Americans from Subic, "We will certainly lose the protective cover that (they) provide our country in terms of air and naval deployment."

"Until such time that we build up our own (external defense), then we will have to live with having none," De Villa said, even as he admitted that the country faced no serious external threats.

American forces turned over Subic Naval Base to the Philippines on Thursday and are due to quit their last remaining facility, the tiny Cubi Air Station, in November, leaving no American forces in this country.

The Philippines, which has the most primitive air force and navy in the region, has long relied on the U.S. presence for its external defense but the Philippine Senate rejected a treaty extending the lease of U.S. bases in this country, forcing U.S. forces to pull out by the end of this year.

De Villa also noted that even though U.S. forces had pulled out of this country, the mutual defense treaty between the two countries guaranteed they would maintain military ties.

Asked about the possibility that the Philippines would agree to an agreement giving U.S. forces access to enter the country, De Villa said, "We cannot deny that we are thinking about it, but we are not acting on it," adding that the United States would have to request such access first.

Endorses Treaty

HK0210132992 Quezon City ABC-DWET Channel 5 in English 1300 GMT 2 Oct 92

[Text] President Ramos has endorsed a new treaty on relations with the United States.

Foreign Affairs Secretary Roberto Romulo and five other members of the RP [Republic of the Philippines]-U.S. Relations Review Committee recommended that a new treaty of friendship and cooperation be entered into by the Philippines and the United States. The review committee also urged Malacanang to begin talks on the Mutual Defense Treaty and a proposed extradition treaty within 100 days.

Government Assumes Control of Subic Naval Base

HK0110010292 Manila THE CHRONICLE in English 1 Oct 92 p 6

[Report by Johanna Son]

[Excerpts] After nearly a century in American hands, the Subic naval base was turned over yesterday to a Philippines eager to convert the military facility to an economic zone.

U.S. Ambassador Richard Solomon said the turnover signalled the start of a "new phase" in his country's relations with the Philippines.

The naval station, comprising less than half of Subic base's entire area, ceased to be a U.S. facility at a 1:55 p.m. [0555 GMT] ceremony. The rest of Subic, including Cubi Point, will be handed over on Nov. 24, formally completing the U.S. phase-out of all its bases in the Philippines.

Subic has been under American control since 1905, when it became a major shipyard and repair facility for the U.S. Navy.

There were no national officials at the turnover, held at Subic's Tappan Park. Olongapo City Mayor Richard Gordon accepted for the city and the Subic Bay Metropolitan Authority (SBMA). [passage omitted]

Gordon said the turnover marked the Philippines' "taking over the stewardship from the US forces and being responsible for our own country."

"We may be short in cash, but I can tell you we are long in hard work and dedication," he said, adding that he plans to have 100,000 people working in Subic by the end of December.

Gordon said the SBMA, run by 500 volunteers, had set aside a 300-hectare site for Taiwanese investors whose project he said he hoped would start in December. The Singaporeans were also interested, he added.

He also lauded the support for Subic's conversion from the Development Bank of the Philippines, the Asian Development Bank, the World Bank, and President Ramos for SBMA's plans to turn the base area into a tourism, commercial and industrial complex.

Filipino Marines would patrol the base perimeter, he said, to deter looting. Gordon said there had been only a few attempts, including one incident when thieves stole navigational equipment in Grande Island. The culprits have been arrested and the equipment retrieved, he added.

The U.S. military's naval station includes officers and officers' quarters, some of which are of hotel quality, the public works center, recreation facilities, and a 26-megawatt power plant worth $39 million.

Talks Under Way Over Cubi Point Access

HK0210032792 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 1 Sep 92

[Text] The Philippines and the United States are negotiating an access arrangement for the American forces' continued use of Cubi Point. Diplomatic sources said the two panels are trying to come up with an agreement before 24 November, when all the remaining American forces are supposed to have pulled out from the Philippines. A draft of the agreement has been presented to the Mutual Defense Board for discussion this month. The sources said the Americans are asking for a memorandum of agreement, so that approval will no longer have to pass through normal diplomatic channels. If the agreement were indeed in this form, President Fidel V. Ramos would have to be directly involved in the negotiations.

PRC, Taiwan Express Concern Over Kidnappings

HK0210033092 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 1 Oct 92

[Text] The People's Republic of China [PRC] and Taiwan have expressed concern over the spate of kidnappings, which have ethnic Chinese-Filipinos as their primary victims.

This was the first time for the two China's, who never do anything together, to file a joint protest. PRC Ambassador Huang Guifang said they were greatly concerned with the kidnappings and they feared for the lives and properties of the their compatriots in the Philippines. Meanwhile, D. F. Huang, the political officer of the Taipei Economic and Cultural Office, the de facto embassy of Taiwan in the Philippines, has asked the Filipino-Chinese community to cooperate with the government for the speedy resolution of these kidnappings.

Senator Criticizes PRC 'Meddling'

HK0210100092 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 2 Oct 92

[Report by Restie de Quiros]

[Text] Senator Blas Ople, chairman of the Senate Committee on Foreign Relations, today assailed China for allegedly meddling in Philippine affairs, particularly on the spate of kidnappings of Filipino-Chinese nationals.

In a news conference, Ople said that foreign interference can be done on the pretext of safeguarding their interests or their foreign nationals in the country. Ople issued the statement in reaction to requests by the People's Republic of China and Taiwan for tighter and decisive measures to solve the kidnappings of Filipino-Chinese.

[Begin Ople recording] I think he is wrong. The Chinese ambassador has no right to speak on behalf of or represent the Filipino-Chinese in this country, because under the Philippine Constitution, their allegiance or loyalty cannot be divided. It has to be pledged to one country only. [end recording]

Generals Involved in Kidnappings Investigated

HK0110152692 Quezon City ABC-DWET Channel 5 in Tagalog 1000 GMT 1 Oct 92

[Text] Raul Imperial, acting Philippine National Police [PNP] chief, has today ordered a thorough investigation of the identities of police generals who have been implicated in kidnapping and car theft in Metro Manila.

Arturo Atayde, an alleged leader of a kidnapping and car theft syndicate, reportedly revealed the involvement of six PNP generals and four military generals in the syndicate.

Imperial said the PNP is waiting for a list of the generals involved. He said that if it is true that these generals were involved in kidnapping activities, they will be dismissed and punished according to the law.

[Begin Imperial recording in English] We will look into this matter and have this properly investigated. [end recording]

Atayde and 13 of his companions have been arrested since Monday [28 September] during various raids in Metro Manila. In Atayde's sworn statement, taken at the National Bureau of Investigation and of which ABC-5 has a copy, there was no mention of the 10 generals involved in the kidnapping. In his statement, Atayde said he was involved in car theft cases but not kidnapping. He confirmed that most of those arrested by the military are involved in car theft. He also revealed that the station commander of the Constabulary Highway Patrol Group at the north and south harbors, Master Sergeant Joseph Galungga, is involved in car theft.

Meanwhile, PNP deputy director General Manuel Roxas clarified that the police are not competing with the military in arresting kidnappers and car thieves.

[Begin Roxas recording in English] The Philippine national Police for that matter is not competing with any agency and I don't think that our brothers in the armed forces are also competing with us. [end recording]

Cardinal Calls For Military, Police Purges

HK0110144292 Quezon City ABC-DWET Channel 5 in English 1300 GMT 1 Oct 92

[Text] Jaime Cardinal Sin today rejected the Chinese community's proposal that he head an antikidnapping group.

As this developed, Manila Councillor Bernardito Ang said Filipino-Chinese businessmen are asking that they be exempted from the gun ban.

[Begin Ang recording] The point here is that most of these kidnappers and all these criminals have high-powered guns, while ordinary law-abiding citizens are not even protected, and they are not even allowed to carry their guns. [end recording]

In his meeting tonight with Filipino Chinese leaders, the cardinal called on the government to stop the kidnapping by being more decisive in the pursuit of criminals.

The Archbishop of Manila called for an immediate purge of scalawags in the military and the police, and a speedy trial of those arrested for involvement in kidnapping.

Ramos Gives Military 'Full Support' Amid Charges

HK0210121292 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 2 Oct 92

[Text] President Fidel Ramos today gave his full support to the leadership of the Armed Forces of the Philippines [AFP] and the Philippine National Police [PNP]. The president issued the statement amid accusations that 10 generals are said to be involved in the kidnap-for-ransom syndicates. The president said that he has sustained confidence in the AFP and PNP leadership and will pursue his campaign for reforms to rid the AFP and PNP of bad elements.

Meanwhile, Defense Secretary Renato de Villa has warned against witch hunting or making unfounded accusations. This statement has also been made in response to the accusations against AFP and PNP generals.

De Villa also said that there is no basis for starting an investigation of the 10 generals accused of being involved in kidnap-for-ransom gangs. He explained that reports reaching his office have stated that these accusations are not true. However, he said his office will carry out the necessary investigation if it finds evidence to support the accusation, which was made by an alleged syndicate financier.

Earlier, the president asserted there will be no cover-up involved in the investigation.

NPA Threatens Officials Involved in Abductions

HK0110144692 Manila Manila Broadcasting Company DZRH in Tagalog 1100 GMT 1 Oct 92

[Text] The communist rebels will liquidate soldiers and policemen who are proven guilty of involvement in kidnap-for-ransom syndicates. This was stated by Comrade Lando, spokesman for the Apolonio Mendoza Command of the Communist Party of the Philippines-New People's Army [CPP-NPA], adding that there is no pardon for the soldiers and policemen involved in kidnapping activities.

The CPP-NPA have often been blamed by the armed forces leadership for the crimes.

Comrade Lando also said that they are ready to defend the credibility of their movement if they can prove that corrupt policemen and soldiers were responsible for the kidnap-for-ransom cases. Lando stressed that the people should be aware that the policemen and soldiers are hoodlums hiding behind their uniforms. He said these men are involved in activities which are worse than those committed by the communist rebels.

Commission Urges Further Talks With Rebels

HK0210093192 Quezon City ABC-DWET Channel 5 in English 1300 GMT 1 Oct 92

[Text] The National Unification Commission [NUC] has urged Malacanang to push through with exploratory talks with communist leaders. The commission will also recommend to the president to affirm the joint-declaration signed by Congressman Jose Yap and the NDF [National Democratic Front] leaders at The Hague last September 1. Arlene dela Cruz with the story.

[Begin recording] [Dela Cruz] Immediately after The Hague exploratory talks, the National Democratic Front requested that a follow-up meeting be held; the government, however, turned it down.

The National Unification Commission supports another exploratory talk with the NDF, saying that this is necessary to iron out substantive issues on human rights and the economic consequences of a political settlement.

[NUC Chairperson Haydee Yorac] There was one exploratory talk, which was a single shot thing, in The Hague. So the continuation will come subsequent to the refinement of the substantive agenda.

[Dela Cruz] The commission proposes that the second exploratory talk be done in the country.

[Yorac] No, I don't think I personally approve of these excursions.

[Dela Cruz] A similar exploratory talks with military rebels is also a must according to the commission. The NUC is asking the president to give them powers to issue safe-conduct passes to rightist and leftist underground leaders who wish to participate in the peace process. ABC-5 sources said four RAM [Reform the Armed Forces Movement] leaders will compose the panel, and they are among the ten who applied for a safe-conduct pass.

Meanwhile, Congressman Juan Ponce Enrile made a ten-minute visit during the NUC meeting this afternoon. Enrile first offered to talk to cashiered Colonel [Gregorio] Gringo Honasan, but the NUC said Honasan has already signified his intention to participate in the peace process, even without a go-between.

[Enrile] I don't think they need my services. They more or less can handle the situation.

[Dela Cruz] For "The Big News," Arlene dela Cruz, ABC-5. [end recording]

Ramos Not To Treat Communist Rebels as 'Coequal'

HK0110151992 Manila Manila Broadcasting Company DZRH in Tagalog 1 Oct 92 0930 GMT

[Excerpt] President Fidel Ramos today said the government will not allow the National Democratic Front [NDF] to dictate its conditions. He said in a meeting with nongovernmental organizations in Bacolod City that the NDF will not be treated as a coequal of the government.

The president also urged local officials to step up their participation in his administration's peace initiatives. The president had earlier said they should start peace initiatives in their own areas.

[Begin Ramos recording in English] Let me close this narration by reminding all of our local government officials, especially the governors and the mayors, that they play an important part in our peace process. Most people are aware of our reaching out to those in the Communist Party of the Philippines, the New People's Army, and the National Democratic Front; to our Muslim brothers who have undertaken participation in the secession movement; as well as to the military mutineers. That this government is reaching out to them so that we can finally establish in our land a genuine and enduring peace. [end recording] [passage omitted]

Ramos Considers NPA Request To Halt Operations

HK0210101992 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 2 Oct 92

[Text] President Fidel V. Ramos has ordered Defense Secretary Renato de Villa to consider the offer of Gregorio Rosal, alias Comrade Roger [New People's Army spokesman], to suspend offensive military operations in Kalayaan, Laguna.

Comrade Roger's request was forwarded to Ramos and De Villa through Laguna Congressman Punzalan. Rosal

is asking for the temporary suspension of military operations in Laguna to give him sufficient time to search for his wife, Comrade Insa, an NPA amazon who was reported as having been wounded or killed in an encounter that occurred two days ago.

De Villa said that he will contact Rafael Alunan, Interior and Local Government Secretary, tonight, because the recent encounter was a Philippine National Police operation.

Ramos has ordered De Villa to coordinate with Congressman Punzalan to discuss Comrade Roger's request and work out the relevant details for humanitarian reasons.

De Villa added that this is part of the National Unification Commission's efforts to strengthen the leftist elements' confidence in the government's sincerity about implementing its peace initiatives. He, however, declined to give any assurance that the measure can influence Comrade Roger to return to the fold of the law.

Leftists Outline 12-Point Reform Proposal

HK0110023792 Manila BUSINESS WORLD in English 1 Oct 92 p 12

[Report by Wilfredo G. Reyes]

[Text] The National Democratic Front (NDF) is set to present six socio-economic reform and six political, constitutional and electoral reform proposals as components of its proposed agenda to the Ramos Administration.

A position paper—entitled "Sovereignty and Peace: Options and Alternatives for the Philippine Revolutionary Movement" and authored by NDF International Affairs chief Luis Jalandoni—outlined these proposals. A well-informed source noted while the document itself was dated November 17, 1990, recent remarks by insurgent leaders indicate they are using the same framework proposed by the paper.

Mr. Jalandoni cited six areas of concern in the socio-economic realm, namely: foreign debt, agrarian reform, "national industrialization," urban reform, the environment and a shift in burdgetary priorities. Of the six areas, the paper specified a particular measure only on the foreign debt issue.

In this issue, the paper proposed a five-year moratorium on debt payments, a debt cap of 10% of export earnings, "disengagement from all fraudulent and onerous debts," the renegotiation of selected legitimate debts, and the repeal of Presidential Decree No. 1177, which provides for automatic debt service appropriations.

On the issue of altering budgetary priorities, the paper called for the "rechanneling of funds from debt service payments and military spending to social services and genuine development programs."

Shifting to the issue of urban reform, the paper proposed "an immediate stop to the demolition of urban poor dwellings and the formulation and implementation of an urban reform plan."

The paper then made general statements regarding the nationalization of industries. It did not go beyond advocating the imposition of "strict limits on privileges of U.S. and other foreign multinational corporations," as well as "protection for and assistance to Filipino entrepreneurs."

As regards agrarian reform, the paper vaguely called for "implementation of genuine and thoroughgoing agrarian reform." Moreover, it urged the implementation of "comprehensive government support and incentives for raising agricultural production."

As regards environmental protection, the paper proposed "strict measures to stop the denudation of forests, a program of reforestation and other measures to protect the environment" as a means to assure "sustainable development.

Turning to the matter of political, constitutional and electoral reforms, the paper made six proposals. These involved military relations between the Philippines and the United States; a revision of the Constitution; the self-determination of the Bangsa Moro, Cordillera "and other indigenous peoples"; and structural electoral reforms.

There were two proposals regarding RP [Republic of the Philippines]-U.S. military relations. First, the paper called for the abrogation of the Mutual Defense and the Military Assistance Treaties, which remained after the abrogation last year of the Military Bases Agreement. Secondly, it called for the implementation of a baselands conversion plan after U.S. forces withdraw from the bases.

The paper then called for forging an "agreement on mutually acceptable provisions of the Constitution and other laws" of Government and of the NDF. Mr. Jalandoni accorded special emphasis on the rights of workers and peasants, as well as on ensuring "women's emancipation."

The paper continued to make two recommendations regarding electoral reforms. First, it called for reforms that would "take away undue advantage to political parties of the comprador and landlord classes ... (provide) genuine democratic pluralism ... (and) fair chance for political parties." More vaguely still, it called for "an appropriate mechanism to ensure the holding of free and fair elections."

Finally, the paper called for forging "an agreement (to) respect ... the right to self-determination of the Bangsa Moro ... Cordillera ... and other indigenous peoples."

Thailand

Minister Comments on U.S. 'Threat' on GSP

BK0210011392 Bangkok BANGKOK POST in English 2 Oct 92 p 6

[Text] Commerce Minister Uthai Phimchaichon yesterday said there was no reason for concern over the US threat to withdraw Generalised System of Preferences [GSP] for Thai products if the Government does not clarify its stand on the intellectual property rights issue by October 11.

"It's not very worrying. Our officials are looking after this," he said.

"The US appears set to cut our GSP. We will be affected and the prices of our goods will go up, so we will just have to start producing higher quality goods with higher price tags." Mr Uthai said it was normal for the US to look after its own interests and for Thailand to seek to protect hers.

But he also appealed to the United States to bear in mind the friendship between the two countries.

King Warns Cabinet Against Repeat of May Tragedy

BK0210012392 Bangkok BANGKOK POST in English 2 Oct 92 p 1

[Excerpt] His Majesty the King urged members of the Chuan Likphai Cabinet to honour their pledge to work for the good of the nation and the people, warning that the May tragedy may repeat itself if the Government fails to administer the country well.

His Majesty made the call after Prime Minister Chuan and his Cabinet were sworn in at Taksin Rajanives Palace in Narathiwat Province yesterday.

Mr Chuan and his ministers pledged to His Majesty that the Government would work for the well-being and safety of the country and the people.

His Majesty said the pledge showed their determination to use their knowledge and wisdom to help the country.

The new Government, His Majesty said has a special and unprecedented job to do because it has been set up in the aftermath of a crisis.

"This is considered an advantage because it will serve to remind everyone of what can happen if the Government fails to administer the country well," he said.

The Government must rule the country with virtue, good intentions and proper goals, instead of thoughtlessness, His Majesty said.

"Therefore, all of you who make up this Cabinet must always remember what you should do and be aware of what you will do in the government.

"Now that you have become Cabinet members, you must pursue your goal. If you can achieve this, the Government then will be able to perform in the best interests of the country as everyone hopes," the King said.

The people naturally want happiness, convenience and progress.

To achieve these goals, "you who make up this Cabinet will play an important role. It is a heavy responsibility," His Majesty said.

The King said the Cabinet members can be proud and satisfied if they perform their duties well.

"I'd like all of you to persevere so that you will be able to lead the country towards a prosperity free of danger and hardship," the King said.

Mr Chuan and his Cabinet flew back to Bangkok last night.

The Premier is to chair a Cabinet meeting today to start discussing the Government's policy statement which will be delivered to Parliament this month. [passage omitted]

Recriminations, 'Ambushes' Mark First House Session

BK0210024392 Bangkok THE NATION in English 2 Oct 92 p A1

[Text] House Speaker Marut Bunnak fell into a series of ambushes in the first sitting of the House of Representatives yesterday as opposition MPs tried to overwhelm him with complex parliamentary procedures and taunted him with petty matters.

Marut conceded an Opposition demand to put on the House agenda controversial decrees reforming the judiciary and granting amnesty to all involved in the May bloodshed and an urgent motion seeking a delay in enforcing a law requiring motorists to take out third party insurance.

But none of the three items was debated yesterday because MPs spent too much time engaging in lengthy, vindictive arguments on how the meeting should proceed.

"Today's meeting proceeded under a favourable atmosphere. Unfortunately, every new House speaker must go through all this," Marut told reporters after he adjourned the House about 3.30 pm.

Marut came under attack from several opposition MPs who reproached him for not including on the agenda the judicial reform decree issued by the Anan administration and the executive decree issued by the Suchinda administration granting amnesty to all involved in the May 17-20 bloodshed.

Marut eventually complied with the opposition MPs' demand and put the judicial reform decree on the

agenda. But he maintained his concession was not an admission he had made a mistake in originally leaving the decree off the agenda.

"It was a matter of a difference of opinion," the House speaker said.

Seniormost MP, Buntheng Thongsawat (Chat Phatthana-Lampang) was appointed the acting House speaker when the House convened at 9:30 am. Buntheng read out the Royal command appointing Democrat Party leader Chuan Likphai as prime minister, Marut as House speaker and Michai Ruchuphan as Senate speaker.

As soon as the new House speaker took his seat, MP Phinit Chantharasurin (Chat Thai-Lampang) accused him of breaching parliamentary tradition by not including the judicial reform bill and the amnesty bill on the House agenda.

By tradition, the House speaker must include on the agenda of the first House meeting any law made in the absence of the House, Pinit said. He also demanded former prime minister Anan Panyarachun and his former justice minister Wichian Watthanakhun explain to the House why his government issued a royal decree to amend the Judicial Officials Act.

"Are you going to break with tradition and intentionally make a mistake, Speaker Marut?" the Chat Thai MP asked.

Marut said he intended to put the two pieces of legislation on the agenda after the Chuan government was sworn in before His Majesty the King later in the day. The House speaker said it was the duty of the new government and not the Anan administration to clarify its position on the two executive decrees.

Prachakom Thai Party leader Samak Sunthorawet charged Marut was being protective of the Anan administration in not including the legislation on the House agenda yesterday.

Marut denied the charge.

Although all executive decrees issued by the government have immediate effect, under the Constitution they must be presented to the House of Representatives. Even if the House rejects the decrees, any actions effected by the decrees still stand.

The two decrees have generated national debate because of what many believe to be vested interests and questionable circumstances in which the decrees were issued.

Muanchon Party leader Chaloem Yubamrung insisted he wanted Anan and Wichian to explain to the House why the judicial reform should be carried out through issuing an executive decree because at the time of the debate Anan was still caretaker prime minister.

MP Pricha Suwannathat (Democrat-Bangkok) defended Marut's decision, saying it was within the House speaker's authority to set agenda for the House as he saw fit.

At this point, MP Samphan Loertnuwat (Chat Thai-Chiang Rai) protested, asking the House speaker to warn Pricha not to repeat himself in his speech. Marut responded: "The way you [MPs] speak is ali the same to me."

Samphan jumped to his feet and demanded the House speaker retract his statement or he and his fellow opposition MPs would walk out of the assembly hall in protest.

"Okay. I retract my words," Marut said, drawing a roar of laughter from the Opposition.

After consulting his deputies, the House speaker decided to put the two decrees on the House agenda.

The House decided to meet twice weekly, on Wednesdays and Thursdays at 1:30 pm, after Marut called a vote and the government defeated the Opposition by 188 votes to 126.

The Opposition asked Marut to call a special House meeting on Monday to consider the urgent motion seeking a delay in the enforcement of the insurance law as it was scheduled to take effect on Thursday.

State of Nuclear Generating Industry Viewed

BK0210033592 Bangkok THE NATION in English 2 Oct 92 p A6

[Text] First came reports that Egat, the Electricity Generating Authority of Thailand, wanted to build two nuclear power plants over the next 15 years. Then, at a seminar on the subject in July, an Egat official said his organization was looking for a site to fit four such plants.

And finally, just two weeks ago, plans for six 1,000-megawatt plants were submitted for inclusion in the Eighth National Plan, which runs from 1997 to 2001. Although the type of technology to be used has not yet been decided, Egat estimates the six plants would cost around Bt97 billion each and go into operation between 2006 and 2008.

But approval is still a long way off. Former prime minister Anan Panyarachun noted in a recent interview that such development plans typically include "everything under the sky".

"Nuclear is an option," he added. "But in all my two years of administration, we [his cabinet] never once discussed this particular option."

The nuclear plan comes at a time of tummoil for Egat. While energy demand is expected to grow by 9-10 per cent annually for the foreseeable future, Egat is facing increasing political pressure due to the environmental impact of its power plants.

The most recent example of this phenomenon was the shelving of plans to build a massive coal-fired power plant at Ao Pai due to its environmental impact. Piyasawt Amranan, head of the National Energy Policy Office (Nepo), says "it is likely there will be no plant at Ao Pai." Pending a final decision, Egat has been asked to look for alternative sites.

Even tapping the country's own lignite deposits is no longer so easy. The huge mine at Mae Moh in Lampang province has hit the underground water table. Local villagers are protesting against the digging of a new mine at Mae Chaem in Chiang Mai. And Egat officials reportedly aren't even being allowed in to check the deposits at Saba Yoi in Songkhla, a politically sensitive area inhabited by Muslims.

Natural gas has been touted as another possible source. But while a long-term supply agreement has been signed with Indonesia, plans to import gas from Malaysia, Vietnam and Burma are still little more than "pipe dreams". And Thailand will face competition for use of these resources from other countries in Asia, including Japan.

Public opposition to hydroelectric dams remains strong, and the same could be true for nuclear power.

In short, many experts now agree that Egat is in supply trouble. The only viable energy "source" which everyone can agree on is energy efficiency—that is, a concerted attempt to reduce demand.

But Egat's demand-side management (DSM) programme is still a fledgling affair. During the current five-year plan, this programme is receiving only Bt5,000 million—which should yield energy savings of 225 MW—compared to an investment of Bt250,000 million for increasing supply.

With all its supply problems, it would be natural for Egat to focus more on reducing demand. The International Institute for Energy Conservation (IIEC), a non-governmental organization (NGO) reckons that doubling the DSM budget could double the savings, and that potential savings could reach 2,000-3,000 MW.

But power generating authorities, staffed largely by engineers, tend to be conservative by nature. Despite the success of DSM abroad, Egat's latest power development plan states that "(There is) greater risk to invest in the DSM programs than to invest in new power plants... the potential for DSM as an energy resource cannot be evaluated until the DSM pilot programs have been carried out for at least two years." As things stand, Thailand will pay for this short-sightedness during the Eighth Plan, when Egat says it will seek a staggering Bt637,000 million in capital for its supply-side projects. Because there is a debt ceiling on foreign borrowing, Egat will gradually be privatized, so that financing can be sought through "equity injection". The supply crisis raises a couple of key issues. First there is the question of what kinds of fuel Thailand will rely on to meet its future energy needs. But even more basic is the question of who will make these decisions.

Egat offers its proposals through the submission of its power development plans. But energy policy-making is overseen by Nepo. Piyasawat claims that he has a team of researchers who specifically look after environmental interests.

To be sure, Nepo has not been shy to flex its muscles when it comes to protecting the environment. Starting early last year, it forced Egat to install scrubbers on all new coal-burning power plants. More recently, Piyasawat has leaned on oil refineries to reduce the sulphur content in diesel fuel, and he has teamed up with Dr Phaicit Uathawikun, the acting environment minister, to confront Egat on the Ao Pai plant and to battle the Ministry of Industry over seeking new auto emissions standards.

In general, it's a good idea to have the environmental impact evaluated within policy-making institutions, so that it is integrated into the policymaking process. But there remains a case for independent energy planning from a purely environmental perspective, either to advise Nepo or serve as its ally.

"It's time to have a strategy on the complex question of energy and the environment. We need to expand energy planning to include costs of things like pollution control equipment and greenhouse gas emissions by fossil fuels," suggests Dr Thira Phanthumwanit, head of the Environment and Natural Resources Programme at TDRI. "Perhaps this can be done by the Ministry of Science, Technology and Environment (Moste)."

Ironically, Piyasawat points out that five years ago energy policy-making functions were moved to Nepo from Moste (though some DSM planning remains). At that time, the "e" in Moste stood for "energy". But with its new brief, says Thira, Moste can help fight policies such as the subsidizing and promotion of lignite for the industrial sector, which is not required to use scrubbers.

While such changes are still just proposals, Egat is in the process of radically reshaping itself. The huge projected growth in energy demand is not only spurring on privatization, but will also force Egat to change the way it sees itself.

"Carrying out the DSM project will also help Egat get to know the needs of the people better," points out IIEC's Peter du Pont, who is helping Egat set up the programme. "It will help them to realize that they are not just producing electricity, but actually providing a service to their customers.

"In effect, the idea is to turn Egat into an energy services provider, rather than simply a wholesaler of electricity," he concludes.

Another trend in the power generation sector is towards decentralization. Cogeneration—in which private

industry sells electricity produced as a by-product from their operations—is allowed now, notes Thira, and British Petroleum has already signed a contract to supply it. It is estimated that cogeneration could eventually produce an extra 2,000 MW of power for Thailand.

Still, some critics would like to see reform go further. "We have to change the structure of energy management and stop subsidizing power generation for industry," says Whitthun Phoemphongsacharoen head of the Project for Ecologicai Recovery NGO.

"With the current system, the public doesn't have a chance to know how much the government is subsidizing energy production," he continues. "Egat spends a lot of money on plans it can't implement, for instance at Nam Choan and Ao Pai. Who pays for this? Why don't they start with a public debate? They should have pre-feasibility studies with alternatives provided by NGOs. If the public turns out to be against a project, it would save money.

"Decentralizing energy management, reducing Egat's monopoly, is important for sustainable development. When the system is centralized, we inevitably get large-scale solutions in which local people pay the social and environmental costs. But if we can improve the system, then maybe there is no need to look at big projects.

"Small-scale and micro-scale solutions are environmentally friendly. They make it easier to mitigate the social and environmental costs. The costs are paid more equally."

Vietnam

U.S., SRV MIA Experts Hold Two-Day Meeting

BK0110151792 Hanoi VNA in English 1459 GMT 1 Oct 92

[Text] Hanoi VNA Oct. 1—Vietnamese and American specialists on the MIA question met here in a regular session from Sept. 30-Oct. 1st.

The two sides valued highly the results of the 19th joint search conducted in nine provinces from August 20 to Sept. 18, and agreed a plan for the 20th joint search due from Oct. 21. They also discussed measures to raise the effectiveness of cooperation in the coming period.

The U.S. side highly appreciated the recent humanitarian cooperation of the Vietnamese Government and people, especially the authorities and people in the localities where American experts conducted the search. It also highly appreciated the Vietnamese continued efforts in the investigation on reports of "live sightings" of American POWs in Vietnam.

On this occasion, Lt. Gen. T. Needham, head of the American expert team, was received by Vice Foreign Minister Le Mai.

The American team will leave here for home tomorrow.

Labor Agreement Signed With Russia

BK0210064792 Hanoi VNA in English 0559 GMT 2 Oct 92

[Text] Hanoi VNA October 2 —Vietnam and Russia have signed an agreement on the principles concerning the sending and reception of Vietnamese citizens to work in enterprises in Russia, and a protocol on the amendments to the agreement signed on April 2,1981 between Vietnam and the former Soviet Union relating to the sending and reception of Vietnamese citizens to follow job-training courses or to work in enterprises and organizations in the Soviet Union.

Signatories to the two documents were Russian Vice-Minister of Labour I.V. Khalevinski, and Vietnamese Vice-Minister of Labour, Invalids and Social Affairs Ms. Nguyen Thi Hang who led a delegation on a working visit to Russia from Sept. 26 to Oct. 1.

The agreement provides for direct contracts on labour supply between Vietnamese economic organisations and their Russian counterparts.

The protocol provides for Russia's continued implementation of the signed agreement and readjustments to the salaries already paid by Russian economic organisations to Vietnam and Vietnamese workers.

The Russian side also assured Ms. Nguyen Thi Hang that it will guarantee conditions for Vietnamese workers to complete their labour contracts.

The Vietnamese delegation was later received by Russian Deputy Prime Minister V.A. Makharadze and Labour Minister G.G. Melikyan.

Assembly Groups Discuss Draft Law on Government

BK3009140192 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 22 Sep 92

[Report by unidentified station correspondent on group discussion by Ninth National Assembly deputies on 22 September on the draft law on the organization of the SRV Government—portions recorded]

[Summary from poor reception] "Dear friends, on 22 September, the third work day of the Ninth National Assembly, deputies continued their group meetings to discuss the draft law on the organization of the government of the SRV, and to study the Council of Ministers' report on this draft law which was presented to the National Assembly on 19 September.

"Most deputies unanimously contended that the government must take responsibility in managing and carrying out political, economic, cultural, social, national defense, security, and foreign affairs tasks, while striving to ensure the effectiveness of the state mechanism from the central to the grass-roots levels. It must also strive to ensure the implementation of the Constitution and state

law, develop the people's rights to mastery in national defense and construction, and improve the people's material and cultural lives.

"Regarding the organization and composition of the government, all deputies unanimously agreed to the contents of the draft law. As for the governor of the State Bank, many deputies suggested that the National Assembly should discuss at length whether the governor should be included or excluded from the government, while clearly defining his power to ensure smooth monetary management work and to meet the requirements of the current market economy under the state's guidance."

The deputies also discussed the duties and power of the government in various domains, the prime minister's role and position, the authority of ministries, the government's working system, the office of the government, and the prime minister's working apparatus.

Following are viewpoints on the duties and power of the government expressed by some deputies:

[Begin recording] [Deputy Pham Thu from Ha Tay Province] "Regarding the draft law on the organization of the government, first, I think that its contents are quite sufficient. However, we should write items in various articles in a more compact style, use more law terminology, and refrain from mentioning the government's specific activities in the draft law. However, in our discussion we will contribute ideas to and supplement the contents of these articles. Second, I think that the draft law failed to assert the significant role of the new economic mechanism in supporting the government's public health, social, scientific, and industrial tasks. For instance, it failed to show how the multisectoral economy under the state management can help in accelerating scientific-technological development. Third, I think that the power of the National Assembly and the government in managing and assigning tasks to various ministries and agencies corresponding to ministerial level should be clearly defined so as to ensure a smooth operation of these two branches. Moreover, the definition of state personnel should be clearly specified. Item 14 of Chapter 4 stressed that the management of state personnel must be carried out in a uniform manner while special attention must be paid to recruiting, training, and using state personnel. I understand that Chapter 4 intends to seperate state personnel from cadres elected by the people, that is, those elected by the people will be changed every five years. As a result, recruiting and training of state personnel must be carried out in a concrete manner so as to enable them to satisfactorily fulfill their tasks on a long-term basis. Again, I would like to stress that my understanding is that state personnel are not in the same category as those elected by the people."

[Deputy Nguyen Duy Anh from Lam Dong Province] "I would like to talk about Article 11 on the government's duty and power in carrying out tasks related to nationalities and religion. This issue is related to my region, the central highlands. In item 2 of Article 11, I suggest that we should write: The government shall make decisions and supervise the implementation of concrete lines and policies to comprehensively develop and improve the material and spiritual lives of the ethnic minorities. Writing in this way, it is more specific that the government must integrate its efforts on improving the material and spiritual lives of our countrymen. I think that only when we can improve our countrymen's material and spiritual lives will we be able to successfully implement other policies.

"In Article 8 dealing with the duty and power of the government in science and technology, I would like to suggest that a supplement be added to Item two of the article, saying that individual economic and social organizations should be encouraged to support scientific research, especially research in key areas." The encouragement of scientific research was already mentioned in the article but it is not quite clear. "In order to create favorable conditions for the development of science and technology, the encouragement of research must be socialized. That means calling for more support from individual socioeconomic organizations."

[Deputy A Ma Pui from Dac Lac Province] In Article 11, I agree to item 2 regarding efforts to improve the material and spiritual life of ethnic minority people by giving priority to the implementation of economic policies for these people. I would like to add to the item by saying that priority should be given to the implementation of policies on the settlment of nomads, the improvement of education in mountainous areas, and the campaign for the elimination of starvation and the reduction of poverty among the ethnic minority people. I also would like to add to the article a sentence saying that separate policies should be applied to cadres from the mainlands working in mountainous areas or central highlands. I suggest that because these cadres can not enjoy the same working conditions as their comrades in the mainlands. Consequently, I would like to suggest that practical rewards should be given to cadres working in the highlands.

[Deputy Nguyen Thi Tuyet from Ha Tay Province] "Regarding Article 12, item 3, which is on the coordination between the Supreme People's Organ of Control and Supreme People's Court in the struggle for the prevention of criminal and law-breaking activities, I think that this article only defines the duty of the government in the areas of national defense, security, and social order. But the struggle for the prevention of criminal activities does not belong only to the fields of national defense and security but is a common duty covering all areas of economy and society. Therefore, I suggest this part should be moved to the part dealing with the general duties of the government in Article 6. Also in this article, I would like to add a sentence saying that the Supreme People's Organ of Control is to coordinate with the Supreme People's Court and all levels and sectors to deal with criminal activities. Recently, we said that the work of anti-corruption and the preservation of social order

and security has not been coordinated well." Therefore, I suggest that that sentence should be added dealing with the coordination of work in this area. [end recording]

Assembly Communique No 9 Issued 1 Oct

BK0110152092 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 1 Oct 92

[Communique No.9 of the Ninth National Assembly's first session]

[Text] On 1 October the National Assembly held a plenary session at the conference hall. National Assembly Chairman Nong Duc Manh presided over the session.

In the morning, the National Assembly ratified through voting the appointment of various vice premiers, ministers, and other cabinet members as recommended by the prime minister.

As recommended by the chairman of the National Assembly, the National Assembly elected a Vote Tabulation Committee headed by Mr. Mai Thuc Lan, a deputy from Ha Bac Province.

The National Assembly voted on a cabinet list and the results are as follows: Messrs. Phan Van Khai, Nguyen Khanh, and Tran Duc Luong were elected deputy prime ministers while 30 other people were elected ministers.

The National Assembly passed a resolution ratifying the appointment of various cabinet members as recommended by the prime minister.

Next, the National Assembly ratified with a vote a list of vice chairmen and members of the National Defense and Security Council as recommended by the president of the state. The results of the voting are as follows: Mr. Vo Van Kiet was elected vice chairman while Messrs. Nong Duc Manh, Doan Khue, Bui Thien Ngo, and Nguyen Manh Cam were elected members.

The National Assembly passed a resolution ratifying a list of vice chairmen and members of the National Defense and Security Council as recommended by the president of the state.

After that, Prime Minister Vo Van Kiet briefed the National Assembly on the government's action program in the term of office of the Ninth National Assembly.

In the afternoon, the deputies held debates in groups over the draft law on the organization of the People's Court.

Official Lauds Results of Repatriation Plan

BK0110142992 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 16 Sep 92

[Report on interview with On Tan Bao, deputy director of EC-Vietnam repatriation program, by Hanoi TV correspondent; date, place of interview not given—read by announcer]

[Summary] "As you already know, in implementing an agreement reached between representatives of the Vietnamese Government and the European Community [EC] in Hanoi on 4 December 1990, the initial stage of an EC-Vietnam program in support of the repatriation and reintegration of illegal Vietnamese immigrants officially started in April 1991 and ended on 31 May 1992."

"It can be said that thanks to the close cooperation between the Vietnamese Government and the EC, the positive contributions of non-governmental organizations at home and abroad, and the warm response of repatriates and other members of the Vietnamese community, the initial stage of the program has had practical results, generating many jobs in the rural and urban areas, consolidating the strengths of vocational training centers, improving the conditions of public health care facilities, and helping with the building or consolidation of infrastructure in support of five small-scale projects in three localities with a substantial number of repatriates."

"We have reached the program's goals. By 31 August 1992, more than 29,000 Vietnamese had returned from camps in Hong Kong and other Southeast Asian countries." The program has helped contain the flow of illegal Vietnamese immigrants, as evidenced by the fact that the number of illegal immigrants has decreased markedly in recent months.

The results of the initial stage of the program can be summed up as follows:

"Regarding training, the program has provided 28 vocational training centers in Ho Chi Minh City and the provinces of Hai Phong and Quang Ninh with funds to repair learning facilities, get additional equipment and teaching aids, and grant scholarships to trainees. Altogether, 6,519 more seats have become available at those 28 vocational training centers and the number of students under training now stands at 24,000, of which 3,304 are repatriates."

"Regarding credit services, through the Vietnam agricultural and industrial and commercial banking systems, by 31 May 1992 the program had granted 2,581 short- and mid-term loans totalling U.S. $2.27 million, or 26.4 billion Vietnamese dong. In addition, the program has created 7,304 new jobs for repatriates and other members of the community. Of this number, 3,603 jobs have been reserved for repatriates."

"Regarding the development of small-scale projects, the program has contributed to the consolidation of infrastructure in sea dike development; soil improvement;

building of farmland irrigation projects; dike consolidation; road and bridge construction; and the building of schools, kindergartens, dispensaries, and fresh water supply systems in support of new economic zones and heavily- populated areas still facing difficult socioeconomic conditions."

"During its initial stage, the program provided approximately U.S.$ 0.5 million to support the building of five small-scale projects in Ho Chi Minh City and the provinces of Haiphong and Quang Ninh. These projects have been basically completed and have begun to yield results."

Because it is still at its early development stage, the program has displayed some shortcomings as follows:

—At times the pace of money transfer in support of project implementation has been slow;

—Because both program coordination agencies and organizations participating in the program have not yet consolidated their inspection and control systems, or have failed to carry out their supervisory tasks in an objective way, the results achieved in a number of domains are still limited, especially in credit service; and

—Funding for small-scale projects and capital loans at special discount rates to help generate employment has not yet been properly utilized.

"It is our firm belief that by developing past experiences and overcoming shortcomings displayed during the initial stage of the program, and thanks to the positive cooperation between the parties concerned, the main stage of the EC international program will be crowned with success."

Australia

Evans Leaves for UN; Ray Begins Japan Visit

BK2709062292 Melbourne Radio Australia in English 0500 GMT 27 Sep 92

[Text] Australia's Foreign Affairs Minister Gareth Evans goes to New York today to attend the 47th session of the United Nations General Assembly. The world body's financial constraints and the Cambodian peace process are expected to be among the issues discussed in the coming week.

Senator Evans has been scheduled to join Defense Minister Robert Ray in Washington for the annual Australia-United States ministerial talks. Senator Ray today begins an official visit to Japan, the first by an Australian defense minister since the second world war.

Meanwhile, the prime minister, Paul Keating, has returned from his week-long Asian tour. He visited Japan, Singapore, and Cambodia.

Aborigines Register First Political Party

BK0110072492 Hong Kong AFP in English 0557 GMT 1 Oct 92

[Text] Brisbane, Australia, October 1 (AFP)—Twenty-five years after Australia's indigenous blacks won the right to vote, an attempt is being made to weld them into a political force for upcoming parliamentary elections. In a move which would give 500,000 Aborigines a potentially powerful parliamentary voice for the first time, applications have been lodged to register the Australian Indigenous Peoples Party (AIPP).

AIPP candidates will contest the elections for both houses of the Australian parliament, the party's national secretary Sam Watson said Thursday. The focus of policies would be on Aboriginal land rights and small business, he said.

"The AIPP is Australia's first black people's party but our policies are broad and should appeal to many white voters as well," said Watson, a former Labor Party official. "It is historic because it is 25 years since black people were granted full citizenship and the right to vote with a 91.5 percent majority in the 1967 referendum. We hope to tap into some of that support again," he said.

An Aboriginal himself Watson, who is a 40-year-old novelist, plans to stand for one seat. Both government and opposition would "have black faces staring at them across the floor of Parliament after the next election," he said.

New Zealand

Former Minister Ejected From Ruling Party Caucus

BK0110031892 Hong Kong AFP in English 0307 GMT 1 Oct 92

[Text] Wellington, Oct 1 (AFP)—Former cabinet minister Winston Peters was Thursday ejected from the ruling National Party's caucus, acting Prime Minister Don McKinnon said in a statement.

Peters, who opinion polls regularly rate as New Zealand's most popular politician, has recently been claiming corruption at high levels of the government over the bail out and sale of the government owned Bank of New Zealand. McKinnon said by a "substantial majority" the caucus had withdrawn the whip from Peters. "He will also be excluded from caucus meetings and activities," McKinnon said. "This decision arose because Winston Peters has lost the trust and confidence of most caucus members in his ability to act as part of the National Party's parliamentary team."

Peters remains a member of both parliament and the National Party. McKinnon said differences were allowed in caucus, but there were times when "the collective agreement and action of the caucus is relevant. "In this case, not only is it clear that Winston Peters does not share caucus objectives, but he has repeatedly questioned the integrity of his fellow caucus members," the statement said. "His colleagues have been very tolerant for a long time, but at the end of the day, they felt obliged to seek Winston Peters' removal from the caucus," McKinnon said.

Vanuatu

$3.5 Million Loan Agreement Signed With PRC

BK3009073092 Melbourne Radio Australia in English 0500 GMT 30 Sep 92

[Text] China is to provide Vanuatu with an interest-free loan worth $3.5 million under the terms of an economic and technical cooperation agreement. The accord was signed in Port Vila by the visiting Chinese vice minister for foreign affairs, economic relations, and trade, Wang Wendong, and Vanuatu's prime minister, Maxime Carlot.

Pacific News Service, PAC News, says the Vanuatu Government is yet to submit to the Beijing government details of the project to be funded under the agreement. The two countries have renewed their commitment to improving bilateral relations.